WORLD STEEL

Profitable future after the misery

Page 18

Burma agrees to multi-party elections

bowed to popular pressure and agreed to hold free, multi-party elections within six to 12 weeks. Page 20

Car bomb kills 10 A car bomb exploded on a busy street near the Pakistani Embassy in the Afghan capital Kabul, killing about 10 people and injuring 40, Tass said.

Swedish time bomb Swedish police found a time bomb hidden near the podium in a Stockholm suburb where Prime Minister Ingvar Carlsson had spoken to an election. rally a few hours earlier.

Flood waters recede Flood waters covering three-quarters of Bangladesh started to recede, allowing residents to return home. But officials said the number of cases of water-borne disease was rising. Dhaka newspapers claim at least 1,519 people have died,

UK executive killed Gunmen firing submachine guns killed a British executive of Philippine Cocoa Estate, an American-Swiss company, in an ambush about 20 km from Davao City, Philippines.

Charles for HK?

UK Prime Minister Margaret Thatcher has suggested to Prince Charles that he become governor of Hong Kong in time to hand the British colony over to China in 1997, The Sunday Times newspaper said.

Tamils 'kill 12'

Tamil extremists killed 12 people; including five children, as the Government amounced a plan to try to end ethnic violence by merging the north and east provinces, the Sri Lankan military said. India welcomes plan, Page 2

Offer to Kunds

Factor 1

Israel said it wanted to adopt 200 Kurdish children who it said were orphaned by Iraqi poison gas attacks. Iraq outraged by US, Page 3

Solidarity move

Solidarity leader Lech Walesa and his edvisers forged a strat-egy for talks with Poland'a Communist authorities and said restoration of the union's: legal status was their central

Appeal to Pope

South African guerrillas welcomed Pope John Paul to Africa with an appeal for him to use his moral authority on behalf of their country's oppressed black majority.

Latvians unite

Latvians united in a new Popu-har Front demanded their Bal-tic homeland be declared a sovereign state with full economic autonomy and veto power over

Yugoslav protest

Several hundred people took part in a protest rally in Bel-grade, Yugoslavia, calling for the dismissal of the Commu-nist Party leadership, blaming it for economic crisis and ethnic friction.

Anti-Nezi rally

About 200,000 people attended a rally in East Berlin to honour the victims of Nazism, East Germany's official news agency ADN said.

Iran PM warns

Iranian Prime Minister Hussein Musavi warned parlia-ment that a vote of no-confidence in his Government would cause major problems as his country begins massive post-war reconstruction. Teh-ran Trade Fair, Page 20

Cake for Marcos

About 5,000 supporters of Fer-dinand Marcos celebrated the ousted Philippines president's 71st birthday with a rally in Manile and a birthday cake measuring 10 by 25 metres. US bases deadlock, Page 4

Moscow tees off

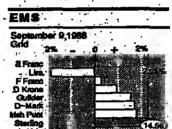
Golf, once deemed too bour geois for the Soviet Union, has arrived in Moscow. Grass for the country's first course has

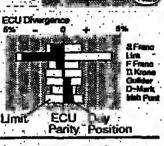
Business Summary

UK decides to deregulate commercial television

BRITISH Government has decided on a drastic deregula-tion of the UK's main commer-cial television channel to increase competition. A policy document on the future of broadcasting now being com-pleted will advocate that, in future, companies operating commercial television fran-chises may be taken over on the London Stock Exchange in the same way as any other company. Page 7

EUROPEAN Monetary System: Central banks intervened to stem the advance of the D-Mark in the EMS last week. The D-Mark rose to record highs against the French and Belgian francs and Italian lira, but pressure tended to ease on Friday, on the view that there was strong political opposition to an early realignment of the system.





The chart shows the two con-The chart shows the two con-straints on European Monetary System exchange rates. The upper grid, based on the weak-est currency in the system, defines the cross-rates from which no currency (except the line) may move by more than 24, per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (Ecu), itself derived from a bas-ket of European currencies.

ROBERT MAXWELL, UK publisher, has offered to increase his bid for Macmillan, the US publishing group, to \$84 a. share, subject to certain conditions. The current offer is \$80

per share. Page 26 EASTERN Air Lines, one of the two main subsidiaries of Texas Air of the US, has begun laying off some 2,600 workers despite a union-led legal challenge to its sweeping cost-cut-

ting programme. Page 25

DUMENIL LEBLE, the French investment bank in which Mr Carlo De Benedetti is the main shareholder with 25 per cent, is about to sell the 40 per cent stake it had built up in conjunction with Banque Stern in the Rivaud group, a laby-rinth of companies born in the French colonies of Indochina and West Africa, Page 25

MORE O'FERRALL, UK outdoor advertising group, acquired Coast-United, a Cali-fornian outdoor bench advertising company, for an initial consideration of \$5.5m. An additional consideration of \$500,000 in cash will be payable should Coast-United's pre-tax profits in any one of the next five years be \$2m or more.

JAGUAR, UK luxury car manufacturer, set an all-time monthly sales record in August with 5,781 saloons and sports cars sold worldwide. This represented a showroom value of £150 million (\$255m) and was II% higher in volume terms than the previous record

COMMERZBANK, the West German bank, has released more details of the CB German Index Fund, the first index fund in German equities, which was foreshadowed ear-

lier this month. Page 25 INVESTING in Success Equities, the UK investment trust run by Sydney-based invest-ment company Panfida, is to buy out almost half of News International's \$3.3 per cent newsagents, which has around 900 outlets throughout the UK.

Page 26 SCOTTISH Investment Trust raised net asset value 9.5 per cent from 154p to 168.7p in the nine months to July 31. Total assets rose from £479.6m to

£502.8m. Page 26 **AUSTRIAN** Foreign Minister Alois Mock arrived in Moscow for talks likely to focus on his country's possible application for membership of the Euro nean Community,

No.30.638

Dukakis seeks to regain campaign initiative

By Stewart Fleming, US Editor, in Washington

GOVERNOR Michael Dukakis, on the defensive and lagging in national and several key regional polls, is launching an assault on Vice-President George Bush, his Republican rival, in a hid to regain the initiative before the first televised debate between the presidential candidates on September 25.

Mr Dukakis has been urged by advisers and leaders of his Democratic Party to be more aggressive and agile in his campaign to stop Mr Bush

CRUCIAL TALKS between

Argentina and the Interna-tional Monetary Fund, central to efforts to stem the country's

growing foreign debt arrears, are making almost no progress, deepening a crisis over the for-

eign payments position.
The IMF, which has a team
currently in Buenos Aires,
wants more action to cure a

swelling government budget

deficit, but no firm proposals have emerged. This makes the prospect of a quick agreement remote, despite statements to the contrary from Argentine

Separate meetings in New York between the Argentine

Government and commercial

banks have not yet yielded a

firm request for new funds; any agreement over which

would in any case depend on an IMF accord. In the mean-time, arrears on Argentina's debt to the banks have sur-

debt to the banks have sur-passed film.

Against this background, Mr Juan Sourrouille, the Argen-tine Economy Minister, is to visit the US later this week to explain the Argentine position to officials in Washington, and probably to commercial bank-

It is now clear that the series of economic measures

announced last month - the

so-called Primavera (Spring)

Board members from at least

four countries - West Ger-

many, Japan, Switzerland and

the UK - are understood to

want more evidence that the

Plan - was insufficient to sat-

isfy the IMF executive board.

ers in New York.

government officials.

from setting the agenda. He is expected to deliver a series of hard-hitting speeches on defence and foreign policy

issues this week.
Since the Republican convention nominated Mr Bush as its candidate last month, his campaign has been seeking to portray Mr Dukakis as another Democrat who cannot be trusted to defend US interests ahroad, partly hy raising doubts in voters minds about his patriotism. Mr Bukakis, in a speech late

Lack of progress in

Argentine debt crisis

administration of President

Raul Alfonsin is intent on cur-

ing the long-term structural problems of the Argentine pub-

lic sector. This is because of the Government's failure to comply with previous agree-

ments with the IMF to curtail

inflation and cure the budget

These difficulties are frus-

trating US government attempts to put together a

attempts to put together a bridging loan of \$500m with the help of other industrialised nations, excluding the UK. This bridging loan is likely to be discussed at the current monthly meeting in Basle of the Bank for International Set-

The US intention was to

build the bridge financing entirely on financial and trade

sector reform loans from the World Bank, on which progress was made in talks last month.

However, some countries are

believed to be anxious to see

more progress with the IMF

The government has been thought likely to request \$2bn from the commercial banks on

top of a \$1.2bn standby credit from the IMF.

While Argentina's trade sur-

phis has been swollen this year by the effect on grain prices of the US drought, foreign

exchange reserves are thought to be at a critically low level,

perhaps around \$1hn. Interest

payments on its \$56bu of for-

eign debt are about \$5bn annually.
Official forecasts of this year's fiscal deficit put it at

before going ahead.

IMF talks deepens

By Gary Mead in Buenos Aires and Stephen Fidler in London

last week which increased con-cerns that the mud-slinging is going to intensify, equated the Bush strategy with the Com-munist witch-hunts of the eerly 1950s. "Republicans cheered as (Senator) Joseph McCarthy slandered good Democrets as Communists and those Republican tactics have not changed . . . they are now questioning my patriotism . . . (but) the American people can smell garbage," he said.

Other Democrats are joining

around 4.9 per cent of official Gross Domestic Product of

about \$80bn, but independent

economists predict the actual figure could be between 6 and

10 per cent. Inflation in August reached 27 per cent.

control inflation, the Primav-

era Plan undertook exchange rate and tariff reform. An

undertaking to cut public sector spending by \$500m compares to the figure of \$2bn said by Mr Rodolfo Terragno, the Minister for Public Works, to be wasted annually just by

buying goods at above-market

Argentine officials have suggested that failure to pro-vide new loans will hand the main 1989 presidential election

on a plate to the opposition

Peronist party, which has said

it would declare a five-year ces-sation of interest payments.

sation of interest payments.
Ironically, as the crisis over
Argentina deepens, the external debt position of Brazii - the the banks' main
worry throughout 1987 - is
moving close to being normalised. The country paid \$240m
in interest to banks on Friday
to bring it up to date until the
end of August on interest payments. The signing of its new

ments. The signing of its new money and rescheduling pack-

age with commercial banks

could now start hefore the IMF/World Bank annual meet-

ings in Berlin at the end of this

· Argentina will grind to a

halt again today with the 13th general strike under President Alfonsin's Government.

month.

Apart from attempting to

in. On Saturday Congressmen Tony Coehlo, the House Major-ity Whip, accused Mr Bush of wanting to "treat this country like Nazi Germany" by attack-ing the Democrats as unpatri-

The efforts by the two rivals to smear each other's public image reflects to part their reluctance to stake out bold positions on key issues and the fect that the electorate does not have a clear image or a particularly strong affection for either man.

But the tactics run the risk of further weakening both can-didates before one of them finally wins the race for the White House.
The latest national opinion

polls show that Mr Dukakis, who enjoyed a lead of 17 percentage points oationally in late July, has slumped dramatically. A Business Week poll published last week gave Mr Bush a six percentage point lead (50-44 per cent), in line with other receot polling Cootinued on Page 24



David Rnder: hint of

Drexel may

bank, could face further legal action covering its high-yield junk-bond activities, Mr David Ruder, chairman of the US

Securities and Exchange Commission, said yesterday

The SEC's 184-page civil sult filed against Drexel last week which charged the company with numerous securities laws violations and insider trading, did not cover Drexel's consider-

However, a separate investi-gation of this area has been conducted by the House of Repted to be passed to the SEC.

area and that there could be further charges once the infor-mation had been passed to the

they send us the information and if we find something then undoubtedly we would have more complaints.

Mr Ruder gave no hint about whether he expected criminal charges to be brought against Drexel. He said criminal charges would add weight to the SEC's case but that he expected the SEC case on its own to have an enormous impact on the behaviour of Wall Street.

that Mr Rudolph Giuliani, the US ettorney leading the criminal investigation against Drexel, may bring charges this

Mr Rnder, asked whether insider trading and other violations were systemic, said: "I have no indication that that is the case. Wall Street Column, Page 20

to delay treaty with France By David Marsh in Bonn isters and top officials from both sides, with the Finance

Bonn row likely

RATIFICATION in France and West Germany of a treaty to set up a framework for co-operation in defence and economics looks likely to be delayed until next year.

next year.

The hold-up, which highlights controversy about the
monetary independence of the
Bundesbank, West Germany's
central bank, comes as a setback to plans that both countries' parliaments would ratify
the treaty by this autumn.

A prime cause of the delay
appears to be the unwillingness of Mr Helmut Kohl, the
West German Chancellor, to

West German Chancellor, to intervene in a dispute between the Bonn Foreign Ministry and the Bundesbank. Mr Hans-Dietrich Genscher,

the West German Foreign Min-ister, wants to give priority to the overall aim of bolstering Franco-German political collab-oration. The Bundesbank, which has statutory autonomy over credit policy, insists co-op-eration with Paris should not weaken its ability to preserve the stability of the D-Mark. The treaty establishes a Franco-German Defence Coun-

cil and a complementary Finance Council. The Bundesbank is sticking

to its view that the agreement - formally decided in January by President François Mitterrand of France and Mr Kohl
- should be prefaced by a preamble restating its autonomy. This is strongly opposed by the Boun Foreign Ministry on the grounds that such a passage would negate the basic princi-ples of the treaty. The Bundesbenk is sup-

ported by influential voices in Parliament, and Mr Kohl does not want to see a showdown The councils consist of minCouncil including the gover-nors of the Bundesbank and the Banque de France. The aim was to build on the provisions of the 1963 Elysée Treaty which sealed Franco-German reletions after the Second World War.

Bonn is plecing particular emphasis on the security aspects of the accord to bolster its position in view of the present changes in East-West rela tions. France, on the other hand, sees the new forum for co-operation partly as a means of persuading West Germany to follow more expansionary economic policies.

The idea of anchoring the two councils in a full treaty to be ratified by the National Assembly and the Bundestag has proved more complex than The Bundesbank's policy

making council was highly annoyed at learning only in January that the collaborative arrangements on financial affairs were to be inscribed in a legally-binding treaty rather than as a simple agreement between the two governments. Mr Hans Tietmeyer, State Secretary in the Bonn Finance Ministry responsible for negoti-

Paris, has come under strong private criticism from the cen-tral bank Mr Pierre Beregovoy, the French Finance Minister, criticised the Bundesbank earlier this summer for its cautious tightening of monetary policies. A further indication of dif-

ating the financial accord with

ferences between the two sides may come to the surface on Friday in Frankfurt Minister hints at UK Budget mismanagement. Page 7

face more legal action says Ruder By Janet Bush in New York DREXEL Burnham Lambert, the Waii Street investment

able junk bond business.

resentatives Commerce Com-mittee. Its findings are expec-Representative John Dingell, the committee's chairman, said in an interview on ABC television yesterday that the investigation had turned up evidence of violations in the junk-bond

Speaking on the same programme, Mr Ruder said: "If

Rocard joins UK in opposition to Commission tax proposals

By lan Davidson in Paris

FRANCE HAS joined Britain in opposing the plans of the Euro-pean Commission for the harmonisation of Value Added Tax in the European Community, as part of the move towards a frontier-free European market.

In an interview in the business magazine L'Expansion, Mr Michel Rocard, the French Prime Minister, said he did not intend to harmonise France's VAT rates on a European average, since this would "pauper-ise" the French budget.

Last week, Mr Nigel Lawson, the British Chancellor of the

Exchequer, ontlined Britain's fierce opposition to plans for the harmonisation of indirect taxes in a paper sent to other Community finance ministers. The ministers are due to dis-cuss the issue at a meeting in Crete later this month.
France has higher VAT rates

than other members of the Community, and therefore higher VAT revenues - about FF500bn (\$80bn), or 45 per cent of total tax receipts. A report submitted to the Finance Ministry early this year by the so-called Bolteux committee had calculated that the har-monisation of French rates at

THE MONDAY INTERVIEW



European levels would lead to a loss of revenue of FF14bn.
Mr Rocard echoed the committee's argument that the harmonisation of Community by a growing demand for the services of the state: health, research, education, roads, Mr

Rocard said. "The state cannot meet all these demands," he added. "We are therefore facing a pauperisation of the state, which is translated into a deterioration of public capi-

Mr Rocard implied that there was no alternative to high VAT revenues. This movement is accompanied by a growing and justified intoler-ance of public opinion towards direct taxation, whether per-sonal or corporate. So what is left? Indirect taxation.

So I say that the Community is taking a heavy risk in having drawn us down the path which consists of drying up the only significant tax resource of the future." For the next two years, he

said he expected Community governments to have their hands full with the harmonisation of taxation on savings and investments. "By then, every-one will have seen the light," he said, "and no-one will want to do what is being planned

"I am a convinced Euro-pean," he added, "but one can-not envisage not being able to finance services the state pro-

Michel Rocard: Opposes Brussels' plans on VAT

taxes on savings and invest-ment was more urgent than a harmonisation of VAT rates. The slow economic growth which followed the two oil shocks had been accompanied

Dama Gwyneth Jones

Covent Gardan in 1963

and har appearance in

cini'e Turandot tonight

made her déhut at

the titla role in Puc-

will both inguourate

sary at the Royal

Opera House

the new regime end mark her 25th enniver

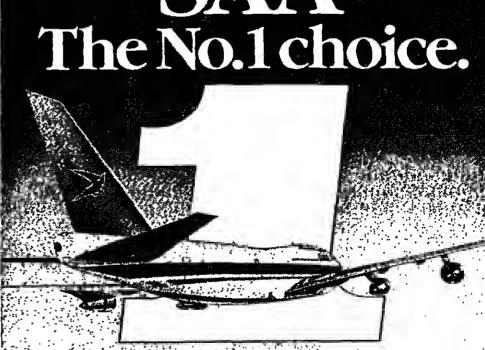
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Lext Oil markets; Gold Fields; IDBs; Irish Dis-Cariton Communications:Technicolor pur-chase gives world status to the video slave mester_____21 The Business Columns Too soon to reject

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OVERSEAS NEWS

Soviet envoy shows Dubcek in good light

THE campaign to rehabilitate Mr Alexander Dubcek, the for-mer Czechoslovak Communist Party leader whose "Prague Party leader whose "Prague Spring" came to a bitter end in 1968, was given an unusual nudge at the weekend by the Soviet ambassador to Italy, who described Mr Dubcek's policies as "a precursor to perestrolka".

Serbs call

for action

By Judy Dempsey in

over Kosovo

SEVERAL thousand Serbs

bouring Yugoslav province of

and carrying placards which proclaimed "Kosovo for the

The Serbs in the republic, backed by Mr Slobodan Milosevic, Serbia's party leader, have held several large demonstrations in recent weeks.

Their aim has been to pro-test at alleged discrimination against the Serbians in Kosovo

by the ethnic Albanians there who make up more than 80 per

The demonstrations are linked to Mr Milosevic's appar-ent determination to assert

greater control by Serbia over the province, which was the scene of bloody nationalist

riots in 1981, and over the

autonomous province of Vojvo-dins, also linked to Serbia.

The Serbian party plans to hold large demonstrations in this connection

These, along with proposed amendments to the Serbian constitution which could

diminish the rights of the two

provinces, are expected to heighten ethnic and nationalist

tensions, not only between Serbia and the two provinces but also between Serbia and the other republics in the Yugoslav federation.

LA MILANO-FIERA MI

cent of its population.

Waving the Yugoslav flag

The unusual statement came from Mr Nikolai Lunkov, the Soviet ambassador, who was speaking ou Saturday at a news conference during the Communist Party's annual "Festa dell'Unità" near Flor-

When asked whether he thought the former Czech leader was now due for an offi-

cial rehabilitation in Prague, Mr Lunkov was careful to explain that "it is not for me to comment on the affairs of other countries"...

But after describing Mr Dubcek as a forerunner of Mr Mikahil Gorbachev's policy of perestroiks, or restructuring, Mr Lunkov went on to note that "the process of perestroiks is now happening in all Socialist countries". The Italian Communists have been hoping for some time for a visit to Italy by Mr Dubcek, who has been living in internal exile at a forestry contre near Bratislava for the past 20 years, since Soviet tanks rolled into Prague. Right: Alexander Dubcek



Left-winger

Le Figaro

FRANCE'S venerable Figuro

newspaper, long a combative voice of conservatism, has shaken the journalistic estab-liahment by recruiting a new editor from the country's lead-ing left-wing news magnitude

ing left-wing news magazine, writes Ian Davidson in Paris. Mr. Franz-Olivier Glesbert,

39, has been editor of Le Nou-vel Observateur since 1985. At Le Figaro, he succeeds Mr Max

to edit

New Delhi hopes elections for the common provincial council will now be held quickly, possibly by early

November, so Tamil aspira-tions can be fulfilled and the five-year civil war in Srl Lanka ended.

Provision for the merger was

accord of July 1987, under which an Indian peace keeping which an Indian peace keeping force was sent to the island while efforts were made to sat-

The formation of the single province does not satisfy the Tigers, who still demand an dent nation made up of independent nation made up or the two provinces, but India hopes other Tamil groups will now take part in the election process and renounce violence. There are fears in Colombo that extremists and the opposi-tion Sri Lanks Freedom Party.

Clos, 64, whose right-wing col-umns have been a by-word for intemperate opinion. It is clear that the change of personnel is a direct consequence of the presidential elec-tion result this summer. Since Mr Jacques Chirac, the conser-

Mr Jacques Chirac, the cluster vative candidate supported by Le Figaro, was beaten, it has started to dilute its support for the Gaullist party with approbation for Mr Valery Giscard d'Estaing, former president, and the centre-right. Under Mr Giesbert

wing columnists will be con-fined to a page labelled Opin-ion, and Le Figaro will become a straightforward newspaper with neutral reporting.

IMF officials leave Egypt

REPRESENTATIVES of the International Monetary Fund, which was bitterly criticised late last week by President Hosni Mubarak, have completed another round of incon-clusive talks in Cairo with Egyptian officials, writes Tony Walker in Cairo. Fund officials left Cairo soon after Mr Mubarak had likened

Hestir

10 000

the IMF to an unqualified doctor, seeking to prescribe an overdose of medicine to the detriment of the patient. Egypt, and the IMF have been arguing for most of the

year about the pace of the country's economic reform. IMF officials will report to their superiors in Washington on slow progress towards an

Britain expels **Vietnam envoy**

THE UK has ordered the expulsion of a Victnamese diplomat after his embassy had said it could not waive his immunity to allow him to be questioned by police. He is alleged to have tened a crowd of demon-

embassy with a gun last week-end, Reuter reports.

Mr Khang Than Nhan, Third Secretary, was given until late yesterday to leave Britain. The UK Government also said it UK Government also said it would not accept nomination of a successor until it had received a satisfactory account of Vietnamese disciplinary proceedings that Mr Khang would face.

The Vietnamese ambassador has handed over a gun to the Foreign Office.

Belgrade to lead non-aligned

A GATHERING of ministers and other officials from 85-non-aligned countries ended in Nicosia yesterday after a week, with Yugoslavia made new with Yugosiavia made new president of the non-aligned movement from next year and a call for real interest rates to be lowered so as to help ease the external debts of developing countries, writes Andreas Hadipapas in Nicosia.

Yugoslavia agreed to host the next summit meeting of the 101-country group in Sep-

the next summit mesting of the 101-country group in Sep-tember 1989, and take over the titular leadership of the move-ment from Zimbabwe. The two original candidates for the job, Indonesia and Nicaragua. failed to gain the nece

support.
The conference strongly denounced Israeli policies in its occupied areas

FINANCIAL TIMES

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USA. The caption reads: "The dream never ends". Few doubt Mr Bakker's drive is exhausted.

Mr David Harrell, a University of Alabama specialist on evangelists said: "I always regarded him as a premier fund-raiser the best religious beggar of the twentieth accordance in the said of the said of



A PRIVILEGED VIEW

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India welcomes Colombo plan to merge provinces

Jayawardene, the Sri Lankan demonstrated in the town of Lebane, deep in southern Ser-bia, on Saturday evening to call for action against the eth-nic Albanians in the neigh-President, over the weekend that the Tamil-dominated northern and eastern provinces of the island are to be merged has been welcomed by the Indian Government as a further step towards implement-ing the accord between the two

isty the Tanils.
At least 500 Indian troops have died in fighting with Tamil extremists, the Tigers, in the past year.

which opposes the merger, will react strongly to Mr Jayawar-dene's move and there could be renewed violence.

Mexican Congress in tumult as it ratifies election result

By David Gardner in Mexico City

MR CARLOS SALINAS de Gortari has been declared Mexico's president-elect, the official victor of the most divi-sive electoral dispute in the history of a 71 year-old regime which had never so much as contemplated defeat.

The farmer planning minister was ratified early on Saturday by Congress constituted as an Electoral College, after timulituous and marathon see-sions inside, and mass opposi-tion rallies outside, had failed to crack the thin majority of the ruling institutional Revolu-

tionary Party (PRI).

The opposition's final legal challengs to the official results of the election, held on July 6, was defeated by 263 votes in the 500-member Congress for Mr Salinas. The right-wing National Action Party (PAN) cast the 85 votes against. The broad-left National Democratic Front (FDN) walked out before the vote, aware it had lost the procedural battle to overturn

FDN presidential candidate, had declared himself the rightful victor. Like the PAN, he insists the results were rigged

PRI leaders now regard the dispute as over. Mr Salinas said he would "govern for all Mexicans, whatever their poli-tics". Looking forward after six years of stagment national out-put, he said: "Mexico must return to growth and we are going to grow Neither the PRI nor the FDN has proved who won. Most independent analysts believe

that, if Mr Salinas won, it was not by the margin claimed. Some PRI officials admit there was padding, but only in regional contests which do not affect federal results.

The PRI majority in the Electoral College blocked opposition attempts to force a selection attempts to force a selection.

tive recount, which might have settled the issue. The PRI depu-ties were fearful their congres-sional representation would be reduced to a point where ratifi-Mr Cuauhtémoc Cárdenas, cation of Mr Salinas would

have been imperilled.

The final tally of the popular vote gave Mr Salinas 50.74 per cent, Mr Cardenas 31.06, and Mr Mannel Clouthier, businessman leader of the PAN, 16.51.

Senator Porfirlo Muñoz Ledo, a former PRI president Ledo, a former PRI president and now a Cardenas strategist, led a march on Congress by 20,000 supporters on Friday night. He said. "It is absurd

night. He said. "It is absurd and dangerous to get Salinas into the presidency this way. They are provoking people and they won't be able to govern. There is no political leadership left in this regime."

Mr Cardenas has called on supporters to take over Mexico City's Zocalo. square on Wednesday. The rally will be watched for signs that his watched for signs that his movement is continuing to

movement is continuing to grow or, as the PRI believes now, starting to decline.

Mr Salinas will have the chance to promote such a decline in a speech today. His words will be scrutinised for indications that he is serious about the promote such as the promote such about the political reform

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\$65,000,000

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Funds provided by Morgan Guaranty Trust Company of New York The Chase Manhattan Bank, N.A. The Royal Bank of Canada

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June 1988

Botha aims to revive Mozambique pact

PRESIDENT P.W. Botha of South Africa travels, today to war-ravaged Mozambique, where his country is regarded as both the hostile backer of right-wing guerrillas and an economic powerhouse whose co-operation is badly needed by

its poorer neighbour, Reuter reports from Mapato.

Mr Botha and President Joa-quin Chissano of Mozambique will hold a day of talks at Songo near the Cahora Bassa hydro-electric dam — a frus-trated project to harness the

Zambezi River that symbolises Zambezi River that symbolises their complex relationship.

Their aim will be to revive the Nkomsti Accord, a 1984 non-aggression pact in which Pretoria and Maputo undertook not to support each other's guerrilla enemies, and to presente a renewal of economic.

promote a renewal of economic

co-operation.

"Mosambique hopes that the Songo meeting will be a decisive step in rescuing the Nkomati accord. It is a further step. in the policy of trying to resolve the aggression against

Mozambique through dialogue with Pretoria," the official Mozambican News Agency, AIM, said.

Cahora Bassa was begun by the Portuguese Government with the idea that South Africa would be its main customer.

By the time it was completed in 1878, Mosambique was an independent state governed by Marxist former guerrillas who opposed apartheid but found the only way the dam could pay its way was by selling power to Pretoria.

Hearts and wallets close to the 'begging Bakkers'

sometimes it desurt. Mr Jim Bakker, fallen televangelist, needed a mere \$3m to begin the journey home but his leg-endary fund-raising talents have deserted him at his criti-cal hour.

cal hour.

Despite shadowy backers
hilled variously as one Greek
tycoon or 28 European businessmen, he falled to come up
by friday's deadline with the
"earnest money" demanded by
a bankruptcy trustee. His
chances of making good on his
niedge to pay \$172m to reclaim pledge to pay \$172m to reclaim the fruits of his fertile imagi-nation, the PTL television ministry and Heritage USA, a South Carolina religious resort and once the third most popu-lar theme park in the US, are thinger than ever.

thinner than ever.
Time and the tattered remnants of his reputation are wearing out. A world never sated with the details of the sex, money and religious travails of Jim and Tanuay, his weepy wife with the landfill makeup, can feast snew from the sex and the today. A court will begin hear-ing allegations from the bankrupt PTL that they mismanaged, misappropriated or otherwise squandered \$52m of its money. A grand jury is due to decide later this year whether to bring criminal charges. "Jim and Tammy . the irrepressible couple returns," a sequel worthy of soap opers, is a prospect appalling to many of their former followers who are struggling to restore FTL and Heritage.

"The only personality I want to produce here is Jesus Christ," Mr Don Edwards, the ministry's new president, told

a meeting of PTL partners. Turnsell since Mr Bakker was booted out 18 months ago has brought the ministry to the brink of collapse.

"We're trying to meet the meeds of a hurting world. the blood of unsaved souls will be on your hands" if the ministry folds, he warned the partners. The ministry could not work with Mr Bakker if he returned because he remains a defrocked minister in the Assemblies of God Pantecostal church. The ministry would be likely to fall if it had to leave Heritage USA.

While many PTL members have tried to live their Chris-

have tried to live their Chris-tian faith by forgiving or at least not judging the Bakkers, others have waded into the bit-ter feud. Activists are small in number but split between two main factions: Bring Bakker Back and Partners for Christ who want to pay off the credi-tors without Mr Bakker's help. The Bakkers returned in May to set up the "Jim and Tamuny Ministries" in a suburban office park a few miles from Heritage USA. Likaning the location to camping at the gates of Jericho, they have appeared several times at the resort, surrounded by their

supporters, and at Pentecostal meetings nearby.

Many PTL members say, though, the Bakkers are incapable of true Christian love because they still inflict pain on others. "If they had a car-ing heart they wouldn't try to come back," said Mrs Mary Sanders, a 75-year-old who lives at Heritage USA. "Id like to see true repentance, restitu-tions and restorations,

tion and restoration."

The Bakkers would probably like to see some more money. Compared with their former indulgent lifestyle they are slumming in a \$1,000-month rented spartment paid for by supporters and driving a Chrysler lent them by a local car dealer.

In a recent fund-raising let-In a recent fund-raising let-ter to followers, Tammy described how horrible it had been to be told to leave their million-dollar personage.

"I heard those words and terror gripped my heart... We had raised our children there, we had put our marriage back together in that house. Max and Sunggles and Montile, our does, were also use

Muffle, our dogs, were playing in their yard! Tinkerbell and Hooter, our kittens, were there. . How I longed for my bed! The place of safety for me. Our place of rest after a

hard day?"

Judging by the lack of donations to date, people are closing their hearts and wallets to the Bakkers as they never did before. Now they are profiteers without honour in the land

they created.

In the lobby of their new offices, furnished in suburban dentist style, hangs a painting of Jim and Tammy surrounded by the temporal real estate paradise they lost when they were driven from Heritage

beggar of the twentieth cen-

worsen, say relief agencies

LEADING British relief shartles of Khartoum, where agencies yesterday warned of a more than 1.5m people were deteriorating situation in left homeless by floods last agencies yesterday warned of a deteriorating situation in southern Sudan, where scores of thousands have died from

famine.

The warning, issued by Oxfam and the Save the Children Fund, coincides with the visit to Sudan by Sir Geoffrey Howe, British Foreign Secre-

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In their statement, which appealed to the Sudanese government to allow the relief agencies to take direct responsibility for the distribution of aid, the two organisations said the death rate in some areas was the worst ever recorded in

Sir Geoffrey told a news con-ference in the capital yesterday that reconciliation between the government and the Sudan People's Liberation Army, which has been fighting a guerrilia war in the south for five years, was urgently required if relief were to reach the south.

The war has made an effective feeding operation impossi-ble, and government forces have been accused of misappropriating the limited sup-plies that do reach the south. Sir Geoffrey, who had met Mr Sadiq el Mahdi, the Prime Minister, earlier yesterday, announced a British Government contribution of £1m to an International Red Cross appeal for assistance, and £1m to help combat the locust threat to the

region.
The Foreign Secretary, on the first leg of a six-country African tour, had spent the morning flying by helicopter take him to Uganda over the flooded suburbs and Mozamhique.

Many of those worst hit are refugees from the war. As many as Im southerners have fied the conflict, 250,000 taking refuge in south-eastern Ethiopia, while 500,000 have trekked north to the comparative

safety of Khartoum.

Even before the floods, conditions there were appalling. Shantles on the fringes of the city were without sanitation or water. Torrential rains had washed eway the flimsy shel-ters and raised the risk of chol-era and typhoid.

After his flight, Sir Geoffey

visited a camp of 500 tents pro-vided by the British Govern-ment, housing 3,000 people. The new aid amouncement brings Britain's total assistance this year to more than £12m. At the news conference, Sir Geoffrey also stressed the importance of a sound economic recovery programme for Sudan, a clear reference to

agreement on policy with the International Monetary Fund. The agreement is an ess tial pre-condition to the rescheduling of the country's external debt, which exceeds

Britain's concern about the continuing failure of the Suda-

nese government to reach an

Sir Geoffrey was due to leave Khartoum yesterday afternoon for a brief stopover in Addis Ababa, where he plans to meet government: ministers, before flying on to Kenya on the third leg of a journey which will also take him to Uganda, Tanzania

Sudan famine to Burkina's women cultivate financial independence

Nicholas Woodsworth reports on the success of collective initiatives in improving standards of living

Women are a virtually ignored factor in Africa's econom

oudpoko Ouedrogo is in her early forties, but like many rural African women her ege, she is already old. Her skin is dried and wrinkled, her hands boney, and her gait bowed.

boney, and her gait bowed.
None of this is surprising. Her
life has been spent in incessant
physical labour and almost
constant pregnancy.
From the time she was a
small girl, she has hauled
heavy clay lars of water to and
from the village well. She
walks long distances with
loads of firewood on her back.
Two hours every evening are Two hours every evening are spent pounding millet for the family's dinner These demanding household chores, daunting to most West-

can women, are only e fraction of her total work.

She is also a farmer. Most of her day, and her energy are spent tilling, hoeing, and weeding in her family's fields.

In much of Africa, women the street here allower methods.

in much of Africa, women are a vital, but almost entirely ignored, element in economic development. Although for centuries their field labour has been a mainstay of rural agriculture, their legal and social rights have been minimal or non-prignent. non-existent.

In recent times, they have also become the victims of Western sexual precepts - in-ternational aid agencies have, on the whole, aimed rural development programmes at

While training, new techniques, and farming materials have gone to the male members of society. African women have struggled on, socially isolated and unaided.

The situetion is slowly changing today. Unicef and other agencies concerned with the social aspects of develop-ment in Africa are actively promoting the concept that the well-being of women has e direct effect on the overall eco-nomic well-being of the conti-

Health and motherhood are no longer the sole preoccupa-tions of programmes for women, and their economic role is now being acknowl-

But age-old traditions do not disappear overnight, Although many African governments now have ministries for women's affairs, their initiatives are frequently under-funded, half-hearted, and inef-

en's organisations are little more than female annexes of roling political parties.

The arid and land-locked West African state of Burkina Faso, however, is one country where significant progress in women's development has been made in recent years.

Often, their national wom-

The women's movement - a grass-roots initiative of rural

impetus in 1984 under the radical programme of social reform Initiated by Captain Thomas Sankara, the late President of Burkina Faso.

Only a few years ago the idea of Kondpoko Onedrogo explaining woman's business initiatives would have been laughable. But today, as president of the local Village Women's Group, she has a new

self-confidence.
Sitting under the mango tree where the village alders of the small community of Sapone usually gather, she is happy to talk to

Women here are attempting

explains, women here are looking forward to some mea-sure of material security and control over their lives.

The women of Burkina are better organised than most in Africe hecause survival

depends on it.
Twenty years of drought,

desertification, hunger, and

unemployment in this desper-ately poor nation have driven

large numbers of men to look

for work outside the country.

Much of the physical work in Burkina Paso today is done by

The first is the alleviation of the daily drudgery which con-sumes bours of time and much physical effort. They would like to see, for example, better access to safe drinking water. The sinking of village wells would save round-trip treks of

up to 10 kms.
Small-scale village grain
mills to mechanically crush
millet would also do much to ease their lives. Even the pos-session of the simplest farming tools would save much tedious

The second, more long-term objective is economic indepen-

omen will have no control over their future until they have some control over financial resources, says Esther Tegre, bead of women's pro-jects et the Oxfam national adquarters in Ouagadougou,

Burkina Faso's capital.

One answer to both of these problems lies in small, collective fund-raising initiatives.

These can provide both the money for Ishour-saving devices and the economic independence women so hadly

By pooling their resources, the women of Sapone have undertaken several successful

One need go no further than Koudpoko Ouedrogo for an example of such an initiative.

From head to toe, every piece of clothing she wears is e prod-uct of the 70-member village

woman's group.
The cotton the clothes are made fromwas grown in a field owned and worked by the women's collective. It was carded, spun, and woven on simple equipment in the vil-lege, and dyed with locallygrown indigo. Such clothing is now sold in several local mar-

Other similar initiatives include the purchasing of sur-plus stocks of grain to be resold in the growing season, and the production and sale of soap, vegetables and millet

In slack periods of the agricultural year, the women even hold "soirces dansantes" - or dance evenings - to raise extra money for their projects.

While the state provides extension training, literacy programmes and the organisa-tional structures necessary to numerous aid agencies provide initial funding.

What are, in fact, grants are presented to the women's groups as loans. They are then paid back into revolving funds used to finance village mills, wells, farming implements or further fund-raising projects. While real advances have Burkina villeges, life for women remains difficult.

Palestinian stabs West Bank official

By Eric Silver in Jerusalem

A PALESTINIAN surrendered to the police yesterday after stabbing the Arab head of med-ical services in the West Bank

ical services in the West Bank
town of Jenin.

Dr Ahmed Stiuty was camp, near Nablus. The camp
reported in serious condition,
but out of danger, in an Israeli
hospital. The assailant is
understood to be a business
man whose shop was stoned
last week by militants, accusing him of collaborating with
the occurrying authority.

In the Gaza Strip, the ideo
Movement said at the weekend
that he would negotiate with
Israel if the Jewish State
"recognises." Palestinian
rights.

estinian cause by attacking an define those rights. official working for the Israell administration.

This is the fourth case on the West Bank, in as many days, of assaults on alleged collaborators in retaliation for an Israeli drive to smash local commit-tees said to be orchestrating the nine-month-old Palestinian uprising. The three earlier victims were murdered.

The army crackdown continued yesterday with raids on three villages. Four Arab civilians were reported to have been wounded by live ammuni. than with the Israelis.

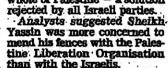
tion and rubber bullets. Arab reporters said that a woman and her six-year-old son were hurt when troops fired rubber bullets in the Balata refugee

the occupying authority.

It is suspected he was trying. Sheikh Ahmed Yassin, a 50to prove his loyalty to the Palyear-old preacher, did not

His interview with Israel television's Arabic news was seen as a softening of his previously uncompromising

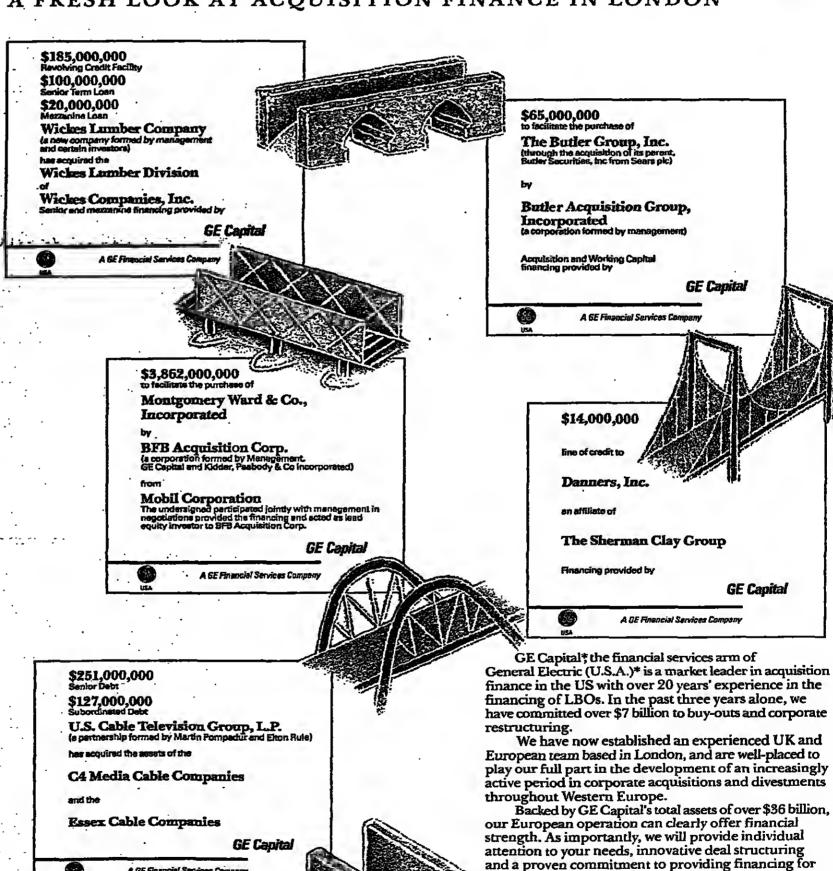
Earlier last week, he had argued for a single Islamic state, embracing Moslems, Circistians and Jews, for the whole of Palestine — a solution rejected by all Israeli parties.







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GE Capital

Snags loom larger than opportunities for 'Euromortgages'

Serious difficulties could lie ahead in disputes over what constitutes financial techniques, David Barchard reports

EW TASKS on the road to a single European market look more daunting than that of drawing the due this year. This will not market look more daunting than that of drawing together the national housing finance systems in the Commu-

Levels of owner-occupancy vary from 43 per cent in the Netherlands to 75 per cent in Ireland. In several wealthier member-states, notably West Germany, a healthy market in rented accommodation has meant that owner-occupancy has not acquired the overriding importance in personal finance and retail banking which it has in Britain.

The legal systems, the insti-tutions, and the financial products which support house pur-chase have evolved differently and are steeped in each counsity has thwarted efforts by the Commission to create a single housing finance market in the familiar way by harmonising

legislation.
"Harmonisation has proved to be impossibly complex in the case of the mortgage mar-kets and we cannot introduce special mortgage banking legis-lation for the UK or West Germany," says one of the Com-mission officials working on

So instead of trying to intro-duce a special mortgage finance directive, the Commission is likely to confine its leg-france three years ago," says

try to harmonise national mortgage systems but will introduce mutual recognition of techniques. In other words, mortgage lenders will be able to work in the EC outside their home country as if they were working at home.

There is some doubt in the industry as to the practicality of what the Commission is pro-posing," says Mr Paul Gardner Bougaard, in charge of Abbey National Building Society's European operations. However, the Commission's resolve to encourage a single housing finance market has led increas-ing numbers of banks to engage in cross-frontier activity, the easiest form being to fund lending by a mortgage specialist in another member-

A few organisations have gone on to the next stage and set up mortgage subsidiaries in other EC countries. However mntual recognition of techniques has not yet arrived. New arrivals must operate according to the rules of the mortgage market of the host-country, and the degree to which national mortgage mar-kets are willing to accept foreign players varies sharply.
"We began to look ontside

Mr Michel Le Galle, of Com-pagnie Bancaire in Paris. "The horizon of 1992 was in the air and our basic aim was to be established in each of the major European countries and learn their practices."

OWNER-OCCUPATION

Azer Azembotis
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4 France
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1967 1970 Other Squres are various years, 1978-81 Squres: OCCD and Building Sock Assn The obvious market to go to was the British one, where der-egulation has gone furthest, egulation has gone furthest, and new players are admitted easily and may employ any mortgage technique they wish. Compagnie Bancaire's mortgage subsidiary UCB bought an American UK mortgage company and has since notched up a UK mortgage book of just under £70m.

HCR is just one of a steady UCB is just one of a steady flow of new entrants into the British mortgage market. Othyears include Denmark's three largest mortgage lenders mar-keting Danish-style mortgage bonds; all the major French lenders of non-subsidised mortgages, including Credit Agri-cole, Paribas and BNP (which made a commanding entry into the UK market in early August by acquiring Chemical Bank's UK mortgage subsidiary); and Algemene Bank Nederland from the Netherlands.

The larger British mortgage lenders, such as the Halifax lenders, such as the Hallax and Abbey National hullding societies, view this influx with equanimity. For them an "open mortgage market" means strength rather than vulnerability. "1992, if it achieves anything," says Mr Ian Lumsden, who is in charge of 1992 research and strategy at the research and strategy at the Halifax, "should make host-countries less defensive."

So far, only three British institutions have made moves

into the European mortgage markets. Midland Bank's French subsidiary, the result of an acquisition in the late 1970s, is the largest foreign player in the French mortgage market.
Abbey National launched a
subsidiary in Spain this year
and the Hallfax is known to be working on plans to go into Europe, again probably into the Spanish market.

The British may find the way into Europe eased for them by the eagerness of for-

eign mortgage lenders to adopt British products. BNP's pur-chase of Chemical Bank's UK mortgage book, for instance, was accompanied by a statement from Mr Jacques Wahl, its managing director for international activities, that the bank was considering market-ing British-style endowment mortgages in other EC mem-

Abbey National is already trying out the endowment: mortgage in Abbeycorp, its Spanish joint venture with a Swiss partner. But not every-one is sure that the endowment mortgage, attractive because of the higher commis-sions that go with it, will transplant easily into other EC countries. "No other country separates mortgages into credit products and recomment products as in the endowment mortgage," says Mr David Kingsmill, assistant general manager at Crédit Agricule's London subsidiary. "One feels a certain amount of scepticism from colleagues in Europe, but also tremendous interest in whether or not it will work.

The obstacles to greater cross-frontier penetration are formidable. West Germany, for instance, makes little pretence of wanting to see foreigners: enter its markets and the:

ing outside the country. With a highly developed and sternly regulated system of Piand-briefs (collateralised fixed rate mortgage bonds backed by a pool of mortgage loans) and 21 specialist mortgage banks,

EUROPEAN MARKET

mostly subsidiaries of the large banks, the Germans see little need to dabble in foreign meth-

West German bankers have West German bankers have warned against any attempt to dilute the quality of their mortgage bonds and resisted Commission plans for the creation of a European mortgage bond. This obvious that they don't want newcomers," says Mr Le Galle.

However two of the three big Danish mortgage companies have recently established operations in Frankfurt. More important, on July 1 this year, German mortgage banks for the first time gained the legal authority to operate outside Germany, though there are

still tight limits on the amount of lending they can do.
"We are likely to try with amall steps just across our frontiers at first," says Dr Klaus Schubaus, head of foreign banking at Rheinbyp AG, a subsidiary of Kommerzhel lot of "It will mean a terrible lot of work for us as there are 12 different legal systems to con-sider . . . we are having a look at Denmark, the Netherlands,

Belgium and Luxembourg." The Commission hopes this picture of gradual intermarket penetration will be dramatic-ally altered by the end of the decade. By 1992, if present plans go ahead, lenders should be free to cross borders on their own terms and operate abroad more or less as they do

As yet, however, the snags loom larger than the opportu-nities. Even in Britain, the law still does not allow building societies to operate in other RC countries except through a subsidiary. It would have to be changed to allow them to lend direct through branches in other member-states.

"Serious difficulties could lie ahead in disputes over what constitutes a financial technique," says Mr Leo Mullends of the European Community. Mortgage Federation. "For internet some members would instance, some members would challenge the right of building

societies to stay open on Saturday morning." In Belgium consumer protection law bans the use of variable interest rates for mortgages, yet it is hard to see how British building societ ies could operate there without

me st

Most fundamental of all is the question of regulation. The Commission envisages that mortgage lenders would be regulated by the statutory authority in their home countries. But monitoring of their activi-ties in another EC country would be carried out by the local regulator, which would forward information to the home-country authorities.

Just how all this would work in practice few of the big cross-national lenders can pre-dict. Some say privately, how-ever, that conditions will get steadily tougher for local mort-gage lenders, such as the smaller British building societies, used to working with savings and loans in a sheltered market.

"It is safe to say that there will be an increasing number of cross-frontier operations," says Mr Lumsden. "But we are not going to see a homoge-neous European mortgage mar-ket." Although the initial level of legal obstacles would disap-pear, cultural, legal, and lin-guistic differences would per-

U Nu, still willing to lead after four decades

Burma's alternative ruler may find the levers of power are out of his hands, writes Roger Matthews

NU. the 82-year-old Burmese politician among emerging opposition who on Friday unilaterally declared himself head of who of U Nu say that as smartly switched their allegance to the advancing allies. When Aung San, the still revered leader of the independent a provisional government, is as much a part of his country's creaking political furniture as the man whom all the opposition forces ultimately wish to remove - General Ne Win.

The two men share a 50-year political history which divides itself almost exactly into two periods: the first 25 years marked by common objectives and shared achievement, the cond 25 years in more or less

hitter conflict.
For U Nu, there must be a particular personal satisfaction in announcing himself as head of a provisional government, even if the foundations for his claim remain difficult to assess because of the inevitable frag-

be was the last democratically elected prime minister, ousted by Ne Win's coup in 1962, it would be just and politically acceptable for the "democratic baton" to be passed back to him. "He has an unblemished record as a Burmese nationalist, as a Buddhist and as a democrat," said one of his supporters yesterday.
As a nationalist, U Nu was

one of the famous "Thirty Comrades" who formed the nucleus of the Burmese opposition to British colonial rule. That opposition led him briefly to become Foreign Minister in puppet regime set up by the Japanese in August 1943 before the Thirty Comrades

dence movement whose photo-graph has dominated the demgraph has dominated the dem-constrations of the past month, was murdered in 1947, U Nu was persuaded by the British to take over. He did so apparently reluctantly, and after lengthy astrological consulta-tions, chose the moment of

Burma's independence 4.20am on January 4, 1948. U Nu's affection for astrology

and his devotion to Buddhism

have formed an important part of his political life. So too, has luck. Only illness prevented him attending the fateful meeting at which Aung San and six too party leaders were assassinated but having said that he wished to be

U Nu and Ne Win share a 50-year history the first 25 years marked by shared achievement, the second by bitter conflict

Prime Minister, he briefly suc-ceeded in establishing Buddhism as the state religion. But it was a divisive policy, creating uncertainty and opposition among other religious, and playing no small part in the growing paralysis of his Union

professionals this year

By John Elliott in Hong Kong

HONG KONG is likely to lose more than 45,000 local Chinese people this year, mostly valu-able young professionals, who

are emigrating to countries such as Australia, Canada, and the US before the territory is

transferred to China's sover-eignty in 1997. The total next year could reach another

These figures are emerging

50,000.

Prime Minister for only six months, U Nu appears to have changed his mind so that, four decades later, he is still willing to resume the mantle.

His devotion to Buddhism has been no less durable. As the reintroduction of democratic rule. When Ne Win predictably refused. U Nu was dictably refused. U Nu was dictably refused. dictably refused, U Nu was allowed to leave Burms and until 1980 campaigned cease

lessly against the regime.
In 1970, he set up the
National United Liberation Front operating from Thailand," a country with which U No.

The NULF mounted armed raids across the border and briefly seized small pockets of territory, but in less than two years it collapsed under the weight of disagreements on the degree of autonomy to be granted to Burma's ethnic

groups. From his base in India, U Nu took advantage of the 1980 Ne Win amnesty to return to Burma on condition that he eschewed politics.

For much of the past eight years, U Nu has devoted him-self to translating Buddhist scriptures and waiting. Last Friday, he wrote in an open letter: "I have taken back the power which General Ne Win had taken from me. It has come back into my hands, and I announce this fact with joy." Sitting little more than a mile away in Rangoon and still operating some of the levers of power, General Ne Win has yet to make a response. However, they both may find that after 50 years, neither of them has any longer the same expecting. any longer the same capacity to propose or dispose of the

SHIPPING REPORT

Crude fall hits tankers

By Terry Dodsworth

THE decline in crude oil prices had a negative impact on the tanker market last week, with traders reluctant to commit the strongest element of

themselves to shipping more activity came from Saudi Ara-oil in the light of forecasts of further price deterioration.

Galbraith's, the ship brokers, said that as a result, large ship production.

WORLD ECONOMIC INDICATORS TRADE STATISTICS

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UK (Ebs) Japan (USSbn)	exports balance exports imports balance	July '88 6.775 9.427 -2.651 21.670 14.433 +7.237	6.837 8.378 -1.541	8.543 8.227 -1.664	July '87 6.686 7,708 -1.022 18.561 10.940 +7.611
USA (Sim)	exports imports balance exports imports balance	June '88 26.812 39:362 -12.540 83.648 84.687 -0.889	27.478 37.240 -9.762 82.507 84.066	April 88 26.029 36.333 -10.304 79.182 -81.539 -2.367	June '87 21,108 36,166 -15,058 72,760 76,510 -3,750
W.Gormany (Differ)	Imports	May '88 46,750 37,130		Mar. 68 43.270 36.060	May '87 44.240 33.850

HK likely to lose 45,000 emports 37.130 33.540 88.060 33.650 belience +9.820 +10.940 +7.210 +10.390 Sir David's speech will come at a politically sensitive time

It is thought that long-term concessions are likely to be made on several key issues, such as elections and accountability to Peking, in the next draft of the law, which will be issued in three or four months.

because it follows the end of the first consultative period on

the territory'e new heate law to be prepared by Peking. A dele-gation of senior Peking offi-cials is in Hong Kong discuss-

ing the law with various

Hong Kong companies are suffering because they are los-ing valuable experienced staff, although company chairmen insist that they have plenty of talented people to fill the



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ORDINARY OFFER CLOSES ON 26 SEPTEMBER 1988

County NatWest Limited, on behalf of Nestlé Holdings (Ú.K.) PLC ("Nestlé"), hereby gives notice, in accordance with the City Code on Take-overs and Mergers, that the recommended offer for the Rowntree Ordinary shares ("the Ordinary Offer") will close at 3.00 pm on Monday 26 September 1988.

- This notice is published by County NatWest Limited on behalf of Nestle and should be read in conjunction with the original offer document dated 16 May 1988 and the increased offer document dated 7 July 1988 both issued by County NatWest Limited on behalf of Nestle and addressed to Rowntree shareholders. Copies of the original and increased offer documents together with forms of acceptance are available from National Westminster Bank PLC, New Issues Department, PO Box 33, 153-157 Commercial Road, London E1 2DB (Tel: 01-791 0011).
- The issue of this notice has been approved by the Board of Nestlé. The Directors of Nestlé (including those who have delegated supervision of this document) accept responsibility for the information contained in this notice. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

These figures are emerging from inquiries by a task force set up by the Hong Kong Government. They show an increase of about 50 per cant over last year's total, but are not nearly as high as earlier forecasts of 70,000-100,000. The details will be announced by Sir David Wilson, Hong Kong's governor, in his annual speech to the territory's legislative council on October 12.

Filipino bid to

break deadlock on US bases

MR RAUL Manglapus, the Philippines Foreign Secretary, left for Washington yesterday to try to break the deadlock in talks on US bases, which are stalled over compensation demands, AP reports from

Manila. He is to meet Mr George Shultz, Secretary of State, and Mr Frank Carlucci, Defence Secretary, and other senior Administration and congressional figures. He will also attend the UN General Assembly session in New York later this

Filipino officials said Mr Manglapus will press for a substantial increase in the \$120m which the US pays annually for use of Clark Air Base, the Subic Bay Naval Base and four smaller installations.

In April, the US and Philippines here a revised in the substantial control in the substanti

pines began reviewing terms of the 1947 Military Bases Agree ment, which provides for US use of the bases until 1991. The talks were adjourned last month. Manila has demanded \$1.2bn annually for the last two years of the deal.

Nedlibra Finance B.V. Guaranteed Floating Rate Notes due 1968 Guaranteed on subordinate basis by Libra Bank PLC For the three months September 12, 1998 to December 12, 1988 the Notes will bear an inscreet Rate of 8746% per U.S. \$10,000 will be U.S. \$219.60.

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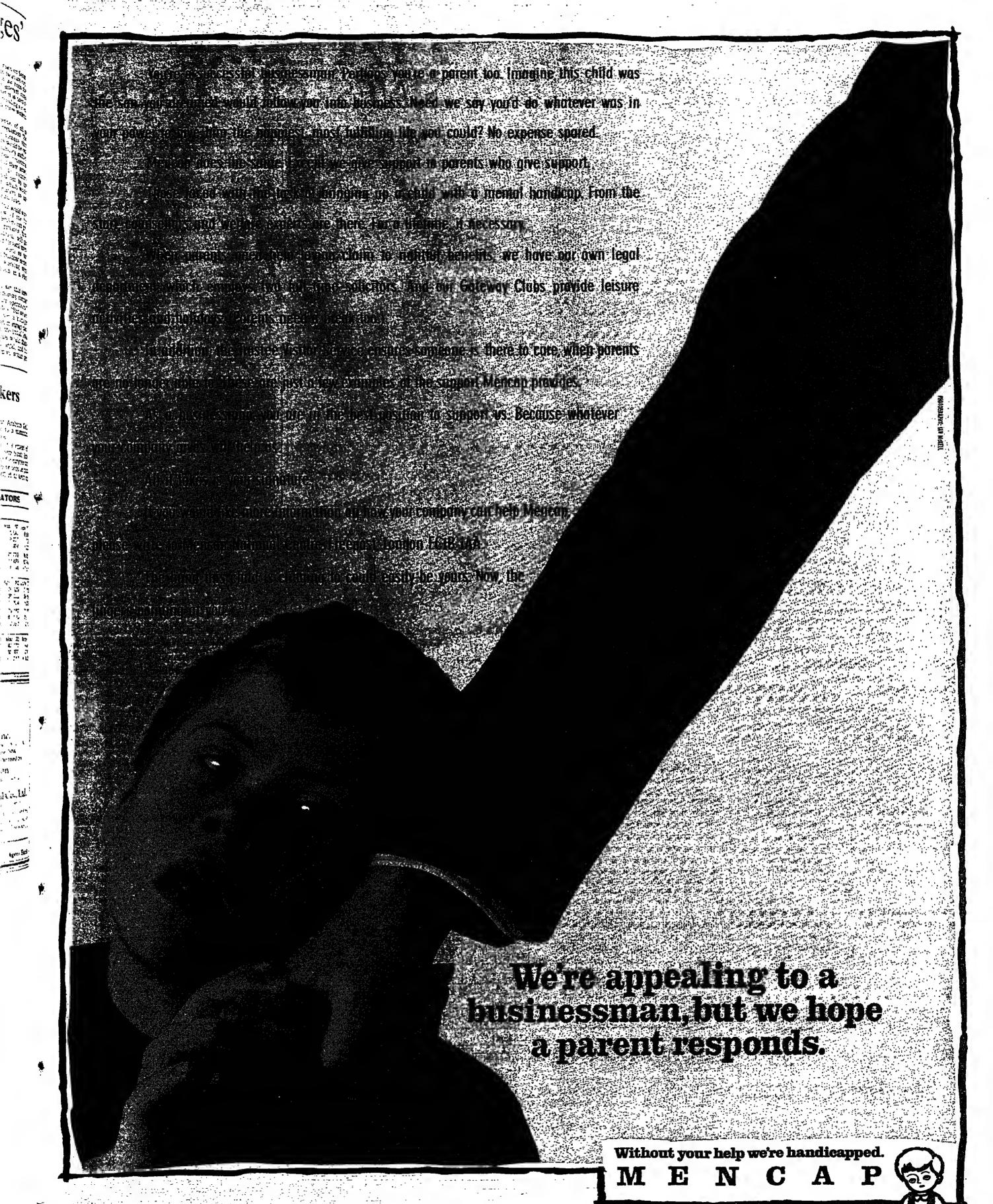
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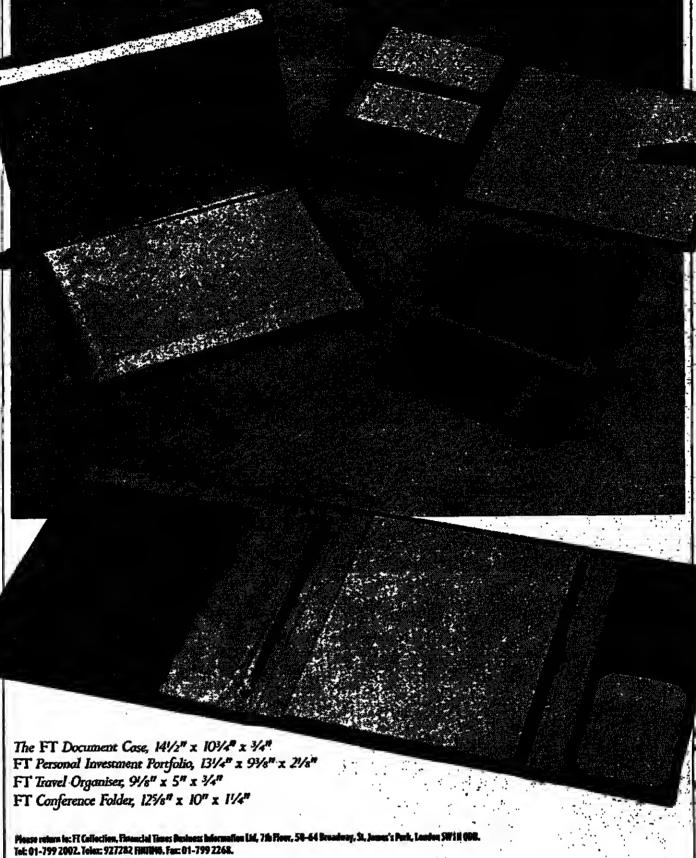


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White Paper to envisage drastic deregulation of commercial TV

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THE GOVERNMENT has decided on a drastic deregulation of Britain's main commer-

decided on a drastic deregulation of Britain's main commercial talevision channel to
increase competition in the
commercial television sector.

The policy White Paper on
the future of broadcasting, now,
being completed, will advocate
that in future companies operating commercial television
franchises can be taken over
on the Stock Exchange like
any other company.

In the past the Independent
Broadcasting Anthority, the
regulatory body for commercial broadcasting, has blocked
takeovers of ITV companies. In
1986 the IBA ruled that a
£753m Rank bid for Granada
tha talevision, bingo and
motorway and computer services group was "unacceptable" even though only about
20 per cent of-group profits 20 per cent of group profits came from Granada's commer-cial television franchise. Ear-lier the IBA had also blocked a-bid from Cartton Communications for Thames Television even though the two owners, Thorn Emi and the BET group.

the IBA, a new commercial television authority which will regulate cable and satellite as well as land-based commercial television, will not have the power to hiock the takeover of bil limadcasters. it is likely however, that there will be a form of golden share," designed to keep the companies that win the new

tranchises starting in 1993 at least under European Commu-nity, and if legally possible under British, control

under British, control.

The new franchiaes will be awarded by a process of competitive tender rather than on the sole judgment of e regulatory body, as has been the case since the launch of ITV more than 30 years ago.

Apart from the tiny Channel Islands company, all Britain's 16 commercial television franchise, holders have Stock Exchange quotations and together are probably worth

Exchange quotations and together are probably worth more than \$500m.

Under the Government's plans ITV will, in effect, lose virtually all its public service obligations and will be free, subject to the constraints of were willing to sell. subject to the constraints of The body that is to replace Lord Ress Mogg's Broadcasting

head-on with the new cable and satellite broadcasters.

and satellite broadcasters.

In future only the publicly owned British Broadcasting Corporation will work to the traditional dictum of public service broadcasting to inform and educate as well as entertain although the Gev-ernment also wishes to protect Channel 4's remit to provide innovative programming.

The main exceptions for ITV will be an obligation to con-

will be an obligation to con-tinue providing regional pro-gramming and carry news.

The Government is, how-ever, determined that there should be competition in the provision of commercial televi-sion news. The White Paper, which is expected to be pub-lished in late October or in November, will say that the November, will say that the new FFV franchise holders will be under no obligation to take their television news service from the present supplier. Independent Television News.

This could be a serious threat to the future of ITN, which is a wholly owned subsidiary of the ITV companies.

nies win franchises through the tender process, as seems likely they will be able to take their national and international news from any new organisation set up to compete with ITN.

The other main theme of the White Paper will be the introduction of new services to give the consumer more choice. Apart from a fifth channel, funded by advertising and able to reach about 70 per cent of the population, the go-shead is likely for local television statistics. tions using microwave technology. It is, however, far from clear what frequencies can be made available for microwave television, which is totally dependent on a direct line of sight between the transmitter and domestic receiver.

A bill designed to create a new structure for British commercial broadcasting, including a vast potential expansion of commercial radio, will be introduced into Parliament next autumn and could receive the Royal Assent by July 1989. Carlton Communications

Promotion of unleaded fuel 'could be stronger

THE GOVERNMENT appears likely to face growing criticism of its role in promoting the use of unleaded ruel, following its publication on Friday of rules requiring new cars to run on the fuel starting from October

next year: Nearly two-thirds of the 20.5m cars on UK roads could be run on unleaded fuel now, although most would require minor modification.

However, unleaded currently accounts for only I per cent of total car fuel sales, despite its now being available at nearly 10 per cent of the country' 21,000 filling stations. The Campaign for Lead Free

Air (CLEAR), some vehicle makers and fuel companies are questioning whether the Gov ernment is doing enough to promote unleaded fnal, whether through fiscal mea-sures or by direct promotion.

A spokesman for the Petro-leum Industriea Association said at the weekend that 'a further educational process is needed – and arguably the basic financial incentive to motorists is not there." Currently, e tax differential in favour of unleaded fuel translates into unleaded being

about 6p per gallon (about 1.3p per litre) cheaper than four-star leaded petrol at the pumps. It has taken substantially larger differentials on the Continent – more than 12p per gallon in West Germany - to lift sales substantially.
CLEAR, some oil companies

and car makers argue that the Government should itself be spending more of its expected EL.18bn tax take from petroleum this year to promote unleaded fuel more actively, possibly by televised informa-

An Environment Depart-ment spokesman said it had issued several leaflets on the subject for distribution by the Automobile Association, Royal Automobile Club and other motor-related interests Ministers had also spent

time promoting the fuel. However, the Department could identify only one specific fund-ing project: e grant of £20,000 e year to help CLEAR run its own campaign. Background, Page 10

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Minister hints at budget misjudgment

grounds for arguing that Mr Nigel Lawson, the Chancellor of the Exchequer, should have been more cautious when he introduced his March Budget. While refuging to separatilist

They attach significance to the fact that the first public earlier described as "brilliant"

of the perceived architects of Mrs. Thatcher's 1987 election victory, at last year's Conser-vative Party conference.

He forecast then that his pol icles would continue to achieve what had previously been thought impossible - a growth rate faster than that of any other major economy in the world while keeping inflation

Predictably Mr Major regased to be drawn on e sug-gestion, that the latest Retail Price Index to be published on Friday, will show inflation running at an annual rate of 6 per

He arged Conservative critics, who fear the electoral consequences of the ligher mortgage payments resulting from base rates having climbed to 12 per cent, to recognise that many first time buyers would have been priced out of the market altogether had the spi-ral in house prices continued. Mr John Smith, Labour's shadow Chancellor, renewed his charge that the statements made by Mr Major over the

cency and self-delusion."
He accused ministers of fail-ing to take into account the damaging effect of high interest retes Strong backing for Mr Law-

Talks continue to end postal dispute

THE POST OFFICE said last indicate that the Post Office

night it hoped it was close to an agreement with the Union of Communication Workers that would pave the way for e resumption of normal postal services later this week

However, the moderate national executive of the union, which meets today to consider a draft return to work ogreement, was yesterday believed to be facing intense pressure from some of its more militant rank-and-file members not to capitulate on two parti-culary contentious issues: the use of casual staff to clear the backlog of mail, now estimated at about 150m items, and the diversion of mail away from militant depots which are likely to remain on strike Post Office officials said that talks were continuing last night between Mr Bryan Rob-erts, Personnel Director for the

assistant-general secretaries, almed at securing a "deal that would stick".

The Post Office denied reports that individual postal workers would be required to give a written pledge to "work as directed"; including bandling mail from depots still on strike, or else face immediate suspension without pay.

Royal Mail (letters) and UCW

was aiming to build a guaran-tee along these lines into a national agreement with the UCW, in return for not penalis-ing individual workers

According to the Post Office, the basis for agreement on the issue at the core of the dispute - the payment of special bonuses to ettract and retain recruits in the south-east of England - was reached last

Thursday.

Some UCW officials last night described hopes of e peace deal as "premature" and insisted that there were "stumbling blocks" that still needed to be overcome. Mr Derek Hodeson the UCW's netional Hodgson, the UCW's national organiser, said: "All the mes-sages we're getting from our members is that attitudes are

hardening."

Rven with an agreement, the Post Office said it would take anything "from one to two weeks" to clear the backlog and return to normal.

One of the main problems facing both the Post Office and the leadership of the UCW is that they are trying to reach agreement at e national level, at a time when industrial relations have become more decen-trailsed and, according to the union, more prone to conflict. However, its officials did Mall order survey, Page 9

FINANCIAL TIMES CONFERENCES EUROPEAN BUSINESS FORUM Rome, 1 & 2 December 1988

This biennial conference has become one of the most euccessful events on the Financial Times' calender. This is the Monnet Centenary year as well as that of the Financial Times and Mr Velery Giscard d'Estaing, the former French President, has accepted the invitation of the Finencial Times to deliver the Jeen Monnet Memorial Lecture which will be the main feature of the second afternoon of the forum. Signor Giovanni Agnelli and Signor Romano Prodi will be emong the leading Italian speakers and the chair will be taken by The Rt Hon Denis Heatey, CH, MBE, MP end by Signor Carlo Ripa di Meana, member of the Commission of the European Communities. The full programme will be available at the end of September from the FT Conference Organisation and from the La Repubblica, the co-sponsor of the European Business Forum.

ELECTRONIC FINANCIAL SERVICES London, 20 & 21 October 1988

The FT eixth conference on Electronic Financial Services In the 90s will review the way new technology is being used to extend retail financial earvices for both traditional and new financial services providers. It will examine the need to develop systems for more effective management reporting end systeme which treet customers as individuals rather than as a series of account numbers. The two-day meeting will be chaired by Mr Jacques De Keyser, General Meneger of the Generale Bank and Mr Gene Lockhart, Chief Executive. Group Operations, Midland Bank, Contributors will Include Mr Sinbad Coleridge, Deputy Divisional Director, Corporate Division of Barciays Bank, Mr Michael Tuke, Deputy Chief Executive, Woolwich Building Society, Mr Glovanni Franzi, Managing Director of In-Holding SRL, Mr Peter Duerden, Managing Director, Royal Insurance and Mr R Bernard van Edik, President of the European Council for Payment Systems.

PROFESSIONAL PERSONAL COMPUTER London, 31 October & 1 November 1988

The FT's sixth Professional Personel Computer conference is held in a period of great change for the industry. A series of significant issues, both technical and commercial and chiefly connected with industry standards, ere now being debated end resolved in ways which will affect the shape and future direction of the industry. The aim of this conference is to look at the changing pattern of competition in personal computer business, computing standards and the profound implications for users and suppliers elike; the pattern of development in modern business computing, how users perceive and use communications systems

The conference will be chaired by Dr Dick Horsnell, Director, Baronemead end Mr Paul Beiley, Menaging Director of Lotus Development

All enquiries should be eddressed to: The Financial Times Conference Organisation, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fex: 01-925 2125

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MR JOHN MAJOR, the Chief from anything approaching At the same time Mr Lawitly admitted yesterday that there may now be some son's supporters acknowledge that he cannot expect to repeat the triumph he scored, as one

While refusing to accept that the Budget strategy had collapsed, he said in e BBC radio interview: "The Budget was not e misjudgment to any

Labour leaders can be expec-ted to focus the political spot-light on the "extent" Mr. Major had in mind.

admission by a member of the Cabinet thet the Bud-get - which Mrs Margaret Thatcher, the Prime Minister. - is now seen in a somewhat different light should have. come from Mr Lawson's chief ministerial lieutenant at the

Mr Major again strongly reaffirmed the Government's determination to avoid the imposition of credit controls as a means of curbing imports and reducing the record deficit. on the balance of payments current account.

For the most part the tenor of his comments reflected the line laid down by the Prime Minister and the Chancellor that the difficulties with the balance of payments constitute no more than a temporary problem and are far removed

son, Page 9

IMPORTANT NOTICE TO THE HOLDERS OF INVESTMENT AB BEIJER \$30,000,000 9% Senior Notes the June 1, 1990

NOTICE IS HEREBY GIVEN that a meeting of the holders of the 9% Sentor Notes due time 1, 1990 of investment AB Beller (the "Noteholders") will be held on Thursday, October 6, 1988 at the offices of Svenska International plc, 17 Devonshire Square, London ECZIA 4SQ at 3 pm for the purpose of considering and, if thought fit, approving the following resolution which will be proposed as an Entraordinary Resolution. "THAT the Notes be redeemed at 100% per cent. of their principal amount on November 1, 1988"

Noteholders' attention is drawn to the following arrange (a) that Bearer Notes may be deposited with (or to the order of the Fiscal Agent or a Paying Agent for the purpose of obtaining voting certificates or appointing prodes until 48 hours before the time fixed for the meeting but not thereafter, and

(b) that the bolders of Registered Notes may appoint prodes by executing and delivering a form of propy in the English language is the specified office of a Paying Agent not light than 24 hours befor the time fixed for the meeting or, in the case of-corporations, may appoint representatives by resolution in the English language of their directors or other governing body.

INVESTMENT AS BEIER Stockholm September 12, 1988



American Savings and Loan Association U.S. \$200,000,000

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Notice is hereby given that the Rate of Interest has been fixed at 8-9% p.a. and that the Interest psyable on the relevant interest Payment Date, March 13, 1989 against Coupon No. 5 in respect of U.S.\$100,000 nominal of the Notes, will be U.S.\$4,599-44 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$1,248-61.

September 12, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

Citizens Federal Savings and Loan Association

U.S. \$100,000,000 Collateralized Floating Rate Notes due 1996 For the six months 8th September, 1988 to 8th March, 1989, the Nose will carry an interest rate of 8.9625% per antum and an interest amount of U.S. \$1,126.54 per U.S. \$25,000 Nose.

Business split on |Straw's propaganda coup in the education battle in computer use

By Alan Cane

SHARPLY CONTRASTING views of the value of manage-ment education to the effective use of information technology by UK business emerge in two

reports published today. The British Institute of Management and management consultants Coopers and Lybrand, authors of one of the reports, blame non-existent or indifferent IT education and training for the fact that most managers complain that they are poorly equipped to understand or exploit IT.

Some two thirds of British managers either use information technology daily or super-vise its use by others, the authors say, yet less than half are happy with their own level of knowledge. A quarter of those responsible for training others in the use of IT or for managing training programmes believe their know-

ledge of IT is not up to scratch. In contrast, the OTR Group, an international consultancy based in Brussels which specialises in the legal implications of modern technology, argues in its study that while manageis a minor element in the innovative use of FT for competitive

most important factors are new ways of allocating responsibil-ity for IT within the company.

at middle management level.

The OTR study, based on a survey of companies in the UK and the Netherlands, found there was a high level of complacency in many firms about

members, £50 to non-me What Provokes Creative Use of Information Technology - Is It Management Education? OTR Group, Rue du Commerce 124, 1040 Brussels, Belgium.

Mellor urged to foot £6m hospice nurses' pay bill

avoided making any commit-ment to help hospices to finance the 15.3 per cent salary increases needed to match the recent pay award to NHS nurses on the ground that to do so might undermine the vol-untary fund-raising on which they normally rely. THE Covernment has been urged by Ms Harriet Harman, Labour's shadow health minister, to provide £6m that hospices - mainly financed by voluntary contributions - need to ensure that the pay of nurses they employ is kept level with those working in NHS hospitals.

In a letter to Mr David Mel-

lor, Health Minister of State, she gave a warning that with-out financial belp from the Government hospices would not be able to retain and recruit nurses and might be forced to cut beds.

So far the Government has

The two reports are the latest in a series of studies from a wide range of organisations which indicate that the UK is still failing to make the best use of IT.

The BIM/Coopers and Lybrand study says there is a significant lack of investment in education and training in IT

Some 65 per cent of IT bud-gets were aimed at increasing the efficiency of existing com-puter systems and only 15 per cent at applications that could give a company a competitive

edge.
Manager and IT Competence,
British Institute of Management, Cottingham Road, Corby,
Northamptonshire. £25 to BIM

they normally rely.

Ministers have also argued that hospices should look to

district health authorities to

help them to overcome any dif-ficulties arising from the nurses pay award. Ms Harman

says hospices that have approached health authorities

have received a negative

Confectioners urge change to VAT on food

range of non-confectionery

present legislation, confection-ery and chocolate biscuits are seen as luxury items and are taxed accordingly while cavi-are and smoked salmon are regarded as everyday food and are not subject to the same tax.
The alliance lobbled the Government before the last Budget to abolish VAT on confection-ery. The Government responded by imposing VAT on cereal bars which had previ-

the Government's educational

manager training David Thomas reports on the Labour spokesman's strategy and search for ways to reform schools

The announcement at the weekend that the Public Accounts Committee, Parliament's financial watchdog, is likely to investi-gate City Technology Colleges marks the return to the fray of Mr Jack Straw, Labour's edu-

cation spokesman. Mr Straw has been plugging away at CTCs, the new busi-ness-sponsored, technologybased secondary schools in the based secondary schools in the inner cities, the first of which opens in Solihuil today. The Government's need to pour money into the CTCs, contrary to its original intention, will prove an Achilles heel in its educational policies, he argues. So Mr Straw, at 42 already widely regarded as one of the most effective performers on

most effective performers on Labour's front bench, was well pleased to return from the summer break with an announcement that gave credence to his contentions another little propaganda coup in his continuing struggle with Mr Kenneth Baker, the Educa-

tion Secretary.
Fighting the Government's overwhelming majority and a master of publicity in Mr

Baker, Mr Straw still managed to notch up some victories during the passage of the Education Reform Act. Helped by damaging White-hall leaks, he skilfully fed the public perception of tension between the Prime Minister and Mr Baker over aspects of

More negatively, Mr Straw has been working hard on a damage limitation exercise to ensure that the volatile London Labour boroughs accept their new responsibilities after the break-up of the Inner London Education Authority.

But Mr Straw is returning in the new political year to a test that dwarfs anything he has faced so far. He has to start wresting the initiative in educational debate away from the One of Mr Baker's favourities lines is that Labour no longer has any educational policies: the Conservatives are coming up with all the bright ideas in area that used to be a

truth in it for the coming year to be crucial for him and for Labour. He must begin to put together an alternative vision to match Mr Baker's. His per-formance on this will help to determine whether Mr Straw is ultimately seen only as a middle ranker, or as someone with greater potential.

Mr Straw starts with some advantages. He is joint chair of one of the working groups in Labour's policy review, that on consumers and the community, which has the task of showing that Labour is serious about its new-found interest in consumers. He promises that educational concerns will fea-ture heavily in the working group's deliberations this year.

Moreover, Mr Straw is firmly in the camp of Labour's moder-nisers. With experience of the educational world stretching back to the late 60s and early 70s, when he was president of the National Union of Students and then deputy leader of Rea, Mr Straw is prepared to criti-cise Labour's record.

"We weren't unequivocal



Jack Straw: No Holy Grail waiting to be discovered.

enough in the pursuit of high standards," he admits. He adds that while he was on lies the ruling Labour group lacked the tools to deal with bed schools.

Although close to the teaching unions, Mr Straw is adament that the interests of edu-

cational consumers - children and students - must come above those of teachers. His pronouncements on giving parents a bigger say over educa-tion have ruffled feathers in

Yet Mr Straw is handicapped by his own acknowledgement that Labour cannot hope to come up with a Rig Idea, simi-lar to the Conservative belief in the market and parental choice. "I don't believe there's a Holy Graff waiting to be dis-covered," he accepts.

Labour is forced to fight on two fronts: both defending the comprehensive idea, which Mr Straw sees as an unqualified advance, and coming up with proposals for improvement.

It is still possible for Labour to become identified as the party most committed to rais-ing standards for all school-children, argues Mr Straw, who cites the recent finding by the Commons education com-mittee that school standards have levelled off since 1984 after steedy hunrovement since after steady improvement since the mid-1970s. Moreover, he

sees teacher shortages as the issue that will increasingly dominate the standards debates. Mr Straw points to the need to restore teachers' morale and self-respect if the profession is to become attractive again. to become attractive again, especially since no government could pay all teachers the sort of salary to which some within the profession occasionally again. He plans to devote part of the autumn to the proposal for a General Teaching Council to underpin teachers professionalism, an idea which costs interested to with the Government.

sionalism, an idea which cuts
little ice with the Government.

Liess like that, together with
his plan for home/school contracts setting out the rights
and obligations of both school
and parents, may help Labour
out of its educational impasse.

Too many of Labour's proposals in the past have seemed
to revolve around a big

posals in the past have seemed to revolve around a big increase in public spending. While Mr Straw remains committed to introducing the proposals over a phased period, the real challenge is for him to come up with a series of reforms that does not depend on the propring money at the on throwing money at the

By Lisa Wood

ALL FOOD should be treated the same for taxation purposes. Mr Charles Gillett, president of the Biscuit, Cake, Chocolate and Confectionery Alliance (BCCCA), says in his annual

review.

Mr Gillett's comments concern what he considers to be the anomaly of value added tax being imposed on confection-ery and biscuits but not on a The alliance says that under

ously been exempt.

Campaign to put the green into shopping

THE LAUNCH today of Green Consumer week-marks an effort to mobilise the power of . consumers to influence mannfacturers and retailers to offer products that do not harm the

Mr Straw naturally rejects

the charge. Yet there is enough

Safeway, the supermarket chain owned by Argyll is a sponsor of the launch event. Other backers include; Hatchards, the book sellers, the Body Shop, which sells no toi-letries that are tested on animals, Friends of the Rarth, the environment pressure group which is organising a nationwide green consumer action day, World Wide Fund for Nature (formerly the World Wildlife Fund), and the

RSPCA. Coinciding with the campaign is the publication of the Green Consumer Guide, a book subtitled "from shampoo to champagne - high-street shop-ping for a better environment." The book offers advice on which brands of goods and which retailers should be patronised or avoided.

It advises hoycotting fish fingers containing Icelandic fish — to put pressure on Iceland to stop whaling; avoiding mahog-any toilet seats — which require cutting down tropical forests; and hat friendly treat-ment fluids for wood. Readers are reminded: "It is

important to tell stores that you are boycotting particular products, and why, or your protest may go unnoticed."

The book, written by Mr. John Elkington and Ms Julia Hailes, is not printed on recycled paper. Victor Gollancz, the publisher, says that at the time it was being planned recycled paper cost three times as much as ordinary paper, would have taken four months to produce,

have added over 22 to the 23.95p price of the book. However, Gollancz says paper mills are responding to pressure, the price is falling and quality improving, so that future regulats of the book will probably use recycled paper.
The green movement already

was of poor quality and would

switch away from aerosols using chlorofinorocarbons (CFCs), which are believed to damage the earth's czone layer, and the move to unleaded petrol. Friends of the Earth is also

claiming a victory as Habitat, the furniture and furnishings retailer, part of the Storehouse group, has decided to phase out products made of wood from tropical rain forests. The week is being used to launch other initiatives.

The British Plastics Federation has put forward the idea that "green-minded consumers should opt for plastics" arguen-minded consumers ing that plastics use less energy to produce than glass in packaging.

The federation is also promo-

ting the recycling and waste management of Last Friday an alternative to

aerosols was launched by Exxel, a private US company, which has appointed Osmond, a UK aerosol filling company

owned by Talbex, a quoted packaging company, as its dis-tributor in the UK and Rire. Merlin Fund Management, which runs the Merlin Ecology

Fund, an authorised unit trust, has published a report on supermarkets that aims to identify the most attractive investment for the investor who has a concern both for the environment and the bottom line." It selects Argyll as the best buy, with Tesco an attrac-

tive investment.
Companies are using the green week opportunity to green week opportunity to emphasise their environmental policy. J. Sainebury, the supermarket group which is awarded four stars along with Safeway by the Green Consumer Guide, has restated its policies on the environment, including site acquisition, architecture and store development; energy saving. CFCs ment, energy saving, CFCs -all its aerosols will be CFC-free by the end of October - organic food and drink, additives and preservatives, and packaging and recycling.

Obituary

Sir Thomas Gore Brown: senior broker

SIR Thomas Gore Brown, who died last week aged 70, was responsible for selling govern-ment debt during eight of the most turbulent years in recent

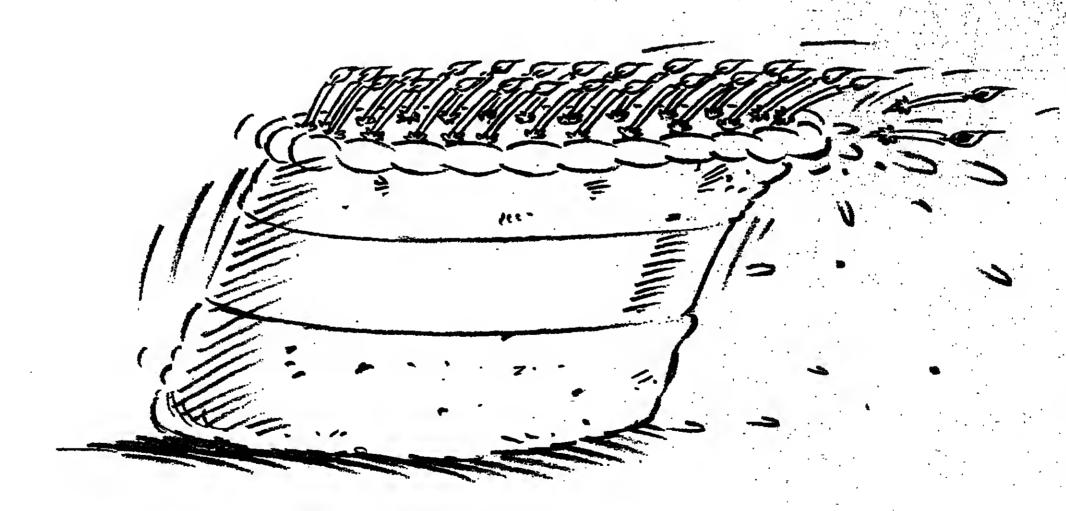
economic history.

Between 1973 and 1981 he acted as senior government broker, advising on and carry-ing out the sale of government

He was highly regarded for the shill with which he man-aged the Government's soaring funding needs while at the same time, and in the best tra-ditions of the job; maintaining his own equanimity. From 1948 to 1961 he was a partner in Mullens, the hro-

partner in Mullens, the bro-kers. The firm's senior partner has traditionally acted as gov-

Sir Thomas, who was knighted in 1961, was treasurer of the imperial Cancer Research Fund from 1980 until earlier this year, when he became vice-president.



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Supplier of industrial gas poised to break monopoly

A NEW company headed by Lord Ezra, the former National Coel Board chairman, believes it is poised to break British

founded in London less than a year ago, says it is within two or three menths of tying up a series of interlocking contracts enabling it to start distributing gas to its own customers early

Although the initial seles will be only about 100m therms, worth about £25m a year, Mr Bill Withycombe, AGas's deputy chairman, says he aims to increase the volume tenfold within a few years and expects other companies to also enter the market quickly.

AGas is a 55-45 per cent partnership between Associated Heat Services, headed by Lord Exra, and Hadson Gas Systems, of Dallas, Texas, the largest of Dallas, Texas, the largest independent third-party gas marketing company in the US. Associated Heat Services, of which Mr Withycombe is managing director, is the UK's largest contract energy management company and purchases 13km worth of fuels a year. According to Mr Withycombe, AGas will use British Gas'e distribution system to

transport gas from North Sea producers to about 12 indus-trial customers in different parts of Britain at prices "mar-ginally cheaper" than those available from British Gas. Gas's monopoly as sole sup-plier of natural gas to British available from British Gas. Industry. Third-party selling of gas via Associated Gas (AGas), British Gas's distribution grid was allowed for when the industry was privatised in the 1986 Gas Act. However, this form of trading has not taken place because all the current gas reserves in the North Sea

are committed to British Gas until the 1990e After negotiating this year with about five North Sea pro-ducers. AGes appears to have won commitments for more than 100m therms a year,

than 100m therms a year, which it hopes to start marketing in early 1991.

Mr Withycombe, who recently gave evidence to the Monopolies and Mergars Commission inquiry on British Gas's contract pricing, says he is encouraged by reports that the commission will urge that BG should in future be prohibited from having up the entire ited from buying up the entire production of new gas fields. In the interests of competition, it is expected to recom-mend that gas producers must sell 10 or 15 per cent of a field's output directly to industrial

like to "tear off the blanket of secrecy" from the terms on which British Gas supplies contract customers with mon than 25,000 therms a year. That would mean obliging British Ges to publish a rates schedule

of its contract prices. AGAS is also anxious to purchase gas for electricity production in about 30 proposed combined heat and power projects, which would generate industrial steam as well as power for their owners.

At present, says Mr Withycombe, such schemes are unecomonic because of British

uneconomic because of British Gas's policy of charging a 25 per cent premium on sales of gas for electricity production. Hadson, the US partner in the AGas joint venture, helped to pioneer the development of third-party gas marketing in the US when the gas industry there was deregulated about six years ago. It is now the biggest independent marketing company, with about 2 per cent of the total natural gas market. Before it came on the scene, about 100 gas producers had a stranglehold on the US market. After use of anti-monopoly leg-islation, 30 per cent of US gas sales are now managed by between 30 and 40 third-party

£67m office development beside NEC By Richard Tomkins,

Midlands Correspondent

Plan for

EROSTIN, the Milton Keynes-based property devel-oper floated on the stock mar-ket in July, plans to build one of the biggest commercial developments in the West Mid-lands. The proposed 12-acre site is alongside the National Exhibition Centre outside Bir-mingham.

Exhibition Centre outside Birmingham.

The company is seeking outline planning consent to build a £87m complex of seven individually designed office buildings — one of them a multi-let business centre — with a total floor space of 290,800 sq ft.

The site for the proposed development is a prime strategic location, sandwiched between Birmingham International Airport, Birmingham International Airport, Birmingham International Fullway station, the NEC and Junction 6 of the M42.

The land is owned by Bros-tin and has been designated by local planners for use related to the airport and exhibition

centre.

Erostin said the development would meet the demands not only of airlines and travel companies looking for new offices near the airport, but

offices near the airport, but also those of smaller service companies wishing to take advantage of the area's business potential.

The proposed development is indicative of the strength of the West Midlands economy, which has shown no signs of flagging, in spite of worzies over interest rates and the pre-dicted elevadory in the near of dicted slowdown in the pace of

national economic growth.

Mr John Upson, Erectin's
chairman, said the buoyancy
of the region was feeding through into increased demand for office space, par-ticularly linked to the sirport and exhibition centre at Bir-mingham International.

Mr Upson said: "Given the site's superb geographical location, with some of the best road and rail links in the

country, we anticipate demand being extremely high."

Rrostin's application for planning consent has been lodged with Solthull Council.

If permission is granted, work will begin next year, and the probable completion date will be some time in 1892.

Air of economic calm in Whitehall

Peter Riddell on continued Tory faith in the Chancellor's policies

HATEVER the wor-ries about the British economy of the "teenage scribblers" in stock-brokers' offices, there are no epparent signs of crisis in

epparent signs of crisis in Whitehall or Westminster.

The predominant view among ministers returning from holidays, and of the few Tory backbench MPs visiting Parliament during the recess, is of strong backing for Mr Nigel Lawson, the Chancellor of the Exchequer.

One senior minister com-

of the Exchequer.
One senior minister commented: "Nigel has seen as through previous problems and we all feel he'll do so sgain.
He's ensured that the economy is strong enough to cope with the current difficulties." Senior Tories recognise, however, that the Government

sage with voters, and in opin-ion polls, later this autumn when the latest mortgage rate increase is implemented. But the general mood is calm, in contrast with the nervous tone of recent brokers circulars, as ministers are will-ing to give Mr Lawson the hen-

may go through a rough pas-

ties over the current-account deficit and the hig jump in mortgage lending as being similar to previous episodes when interest rates had to be raised. They are not too worried about the political impact because there are at least 21/2 to three

years before the next general election.

Tory MPs generally support the Treasury desire to avoid anything that might be seen as panic action, as well as the ettempt to ride ont the increased current-account deficit by relying on higher interest rates.

strates.
Such confidence among ministers might change if further action, such as a steep rise in interest rates, is forced as a result of another very poor set

of trade figures.
The only significant dissent from this mood comes from a small, although prominent, group of Tory MPs, including Mr John Biffen, former Leader of the Commons, and Mr Nicholas Budgen, a member of the Treasury committee. They criticised the March Budget at the time for the size of the tax cuts and they have been wor-ried about possible inflationary dangers of excessive monetary

The main concern among ministers is the round of discussions with the Treasury on public expenditure plans which has just started. Spending min-isters are worried about Trea-sury talk of a tough round after recent market jitters. While this talk is familiar

propaganda for this time of year, ministers are concerned about the implications of cut-ting back excess bids of £9bn to

keep as close as possible to the existing planning total. In particular, relevant minis-ters have been counting on more money for the police and prisons, to deal with anomalies produced by last spring's social security changes, to eccom-pany the forthcoming health service review, to support the shake-up of the education system and to sustain spending on defence, particularly the navy.

Treasury ministers have, however, been arguing that the National Health Service has alreedy received substantial extra funding as a result of the nurses' pay awards, and that any changes in the structure of the service should not be par-ticularly expensive. That view is not shared by the new ministerial team at the Department

Textile and clothing imports up

Mr Withycombe would also

companies or to brokers.

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THE TEXTILE and clothing industries suffered a sharp deterioration in the balance of trade in the first half of the year because of a rapid rise in imports and slower growth in

exports.
The influx of textile and clothing imports increased by 12 per cent to £3.4hn between January and June, according to the latest statistics from the British Textile Confederation. The rate of increase slowed slightly in the second quarter but not enough to prevent the textile sector from suffering a fall in output.

Exports rose by just 4 per cent to £1.7bn in the first half, as the rise in the value of the

Japan emerged as the most dynamic export market. The combination of increas-ing imports and slower exports

fuelled a 20 per cent rise in the trading deficit to £1.7hm. Mr Ian MacArthur, director of BTC, said that the increase in imports is one of the chief causes of short-time working in some areas of the

The textile and clothing industries suffered severely in the economic recession of the early 1980s and underwent radical rationalisation.

The boom in consumer spending and a relatively stable exchange rate enabled the industries to reach an equilibrium in the mid-1980s. Since last autumn, when the pound began to rise on the for-

tor has suffered a drop in demand. That was partly because of increasing imports and partly because of the change in fashion away from

eign exchange markets, textile and clothing companies have been affected by a fresh influx of imports.

gas marketing concerns led by Hadson.

The clothing industry saw imports increase by 14 per cent to £1.4bn in the first six months of 1988. Consumer spending was buoyant and, in spite of the surge, clothing companies managed to main-

tain output.
In contrast, the knitweer sec-

knitwear. The textile industry saw output fall, after an 11 per cent increase in imports to £1.6hn. The weakest area was acrylic

not rely on Post Office'

By Maggle Urry

MOST OF the leading mail from 3.5 per cent now, it says MOST OF the leading mail order resulters no longer rely on the Fost Office, says a study on the sector by Verdict Research, the retail consultant. The seven-week postal disputs in 1971 persuaded the catalogue mail order groups to spend vast sums on taking the "mail" out of mail order. The comments are trying to populate

companies are trying to popularise "home shopping" as a new name for the business. Great Universal Stores and Great Universal Stores and Littlewoods, the two largest companies, have massive fleets of vehicles to deliver to their customers. Only Freemans, taken over at the beginning of the year by Sears, would suffer badly from a prolonged dis-pute, as no more than 25 per cent of its merchandise uses

the company's own transport. Verdict says it is not as optimistic as some commentators on the outlook for the homeshopping sector, Although Verdict predicts

that there are worsening cost pressures on the companies. For example, agent produc-tivity has declined for some years – traditionally agents, who hold the catalogues, would sell to e number of friends, taking a 10 per cent

John Biffen: One of the

small group of Tory critics

efft of the doubt in view of

what they see as his successful

record.
Ministers regard the difficul-

However, the number of customers per agent has fallen below three, so companies have to produce more cata-logues to reach the same num-

ber of people.

Nor will "specialogues," specifically targeted booklets, which Verdict calls "the sector's answer to niche retailing," be the saviour of home showing So for a number of shopping. So far, a number of specialoguea have failed, largely, Verdict says, because of a "lack of sophisticated database analysis."

In the longer term, mail order will have to face up to the single European market that home shopping will take a and the prospect of "tele-shop-higher share of retail sales, ping," placing orders by means reaching 8.8 per cent in 1982, of a television set.

Mail order companies 'do | Sony may further expand S Wales television plant

By Anthony Moreton, Weish Correspondent

SONY IS considering a big extension at its television and tube plant in Bridgend, South es, just a month after completing a £30m expansion at

the works. The company, the largest Jepanese manufacturer in Britain, with 1,400 workers, is making a case for the extra spending to its head office in Japan. A decision is expected

this year.
It has also opened talks with
the Welsh Office in Cardiff over the possibility of obtaining regional grants towards the

Although Mr Suehiro Nakanura, director of Sony (UK), would not comment on the total cost, it is thought unlikely to be less than the £30m that has just been

A result of such extra spending might be a line to produce small, 14-in television sets. Since these were introduced to the British market in May, production at Bridgend has increased to an annualised fig-

These sets, unlike lerger ones, are brought in from Japan and assembled in Wales. Sony was stung earlier this

year by the implications of an article in an institute of Welsh Affairs journal that Japanese companies in Wales were little more than screwdriver operations, merely assembling products with largely unskilled

Although not directly named Sony has been anxious to be seen as a legitimate

anufacturer. It points out that 43 per cent of its staff are men, with more than 100 of its managers and engineers having university degrees and almost 250 more having a professional qualifica-

Mr Nakamura said: "Over extensions to the tube plant." Sony makes tubes on site at Bridgend and buys many components from other Welsh concerns, he said.

pound made it increasingly difficult for UK companies to compete in overseas markets.



6.30 AM GUTEN MORGEN. SHROPSHIRE GUNTER EXCHOLT, GEN MANAGER, BISCHOF & KLEIN IUK) LTD., TELPORD

CHRIS PENNINGTON.

MANAGING DIRECTOR

ABB POWER LTD. TELFORD.

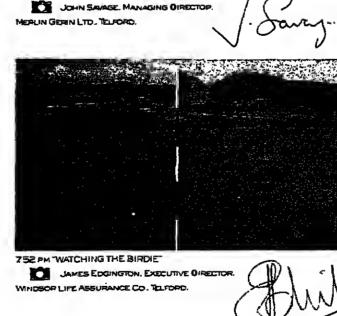


BRIAN JONES, GEN. MANAGER HARTMAN UK LTD., TELFORD.



4.30 PM "VIEW FROM THE WREKIN." GRID REF SJ 632085. BEARING 3220 ARTHUR MILLER, DIRECTOR.

GKN SANKEY LTD. TELFORD



11.57 AM "REBUILDING THE LAST SEVERN TRO

TOP INTERNATIONAL COMPANIES EXPOSE THEIR VIEWS OF BRITAIN



OF THE INDUSTRIAL PEVOLUTION ANDREW DE LEWANDOWKT

PERSONNEL MANAGER PRAUDOUCE

MANUFACTURING TURI Meroro Art Women aise.





3.25 PM TALL OUR YESTERDAYS - BLISTS HILL OPEN AIR MUSEUM











DURING THE LAST FEW YEARS OVER 50 INTERNATIONAL

TELFORD

COMPANIES HAVE MOVED THEIR SITES TO TELFORD.

THE SUCCESS STORY CONTINUES

Changes at H.P. Bulmer

appointed deputy chairman of H.P. BULMER. He continues as group managing director and chief executive until January 3 when he will relinquish bis executive position and Mr John Rudgard will be appointed group managing director and chief executive. Mr Rudgard is currently managing director of H.P. Bulmer Drinks.

Mr John W. Cumming has been appointed group finance director of BRAMMER. He was formerly with the Plessey

Mr Laurence Hill, deputy chairman of Beatson Clark, has been appointed on-executive chairman of DAVIS BUILD, the Sevenoaks-based property development company.

WILLIAM COLLINS has appointed Mr Terry Kitson to the board. He is managing director of the international

 Sir Frederick Crawford, vice-chancellor of Aston University, has been appointed a non-executive director of LEGAL & GENERAL GROUP.

JAMES CAPEL UNIT TRUST MANAGEMENT has appointed Mr Nigel Legge sales director and Mr Roy Brooks finance director. Mr Legge was director, offshore operations,

Management. Mr Brooks joins from John Govett where he was group finance director.

Mr T.E.P. Stevenson bas become chief executive of the sealants division of BURMAH SPECIALITY CHEMICALS. He joined the group in 1975 and has had a variety of positions in the group, including corporate development manager and chief executive of Castrol

Mr Howard Kirkham has been appointed finance director of the CHLORIDE GROUP. He spent over five years in a number of finance positions with Austin Morris before becoming plant director with Land Rover being responsible for the manufacture of engines, axles and gearboxes.

 Mr Martin Jaskel, previously an executive director of Greenwell Montagu Gilt-Edged, has been appointed to the new position of treasury sales director at MDLAND MONTAGU, the international and investment banking arm of Midland Group.

TECHNOLOGY SYSTEMS. part of the Excess/London & Edinburgh Insurance Group, has appointed Mr Robert McCrindle to the board. He a director of M & G Assurance

Mr David S. Winterbottom has joined the board of CARNON HOLDINGS as a non-executive director. He is group managing director of Evode Group. Carnon operates the South Crofty and Wheal Jane tin minnes in Cornwall.

BAIN CLARKSON INTERNATIONAL INSURANCE BROKERS has appointed Mr Derek Bayley as a director of its reinsuran division. He was director of the captive division of Alexander Howden.

Dr D.R. Pearce has joined the board of TIOXIDE GROUP.

■ Mr Alan Craft has become the director in charge of the group credit department at KLEINWORT BENSON. He was senior credit officer for Europe, the Middle East and Asia at Prudential Bache Securities in London.

Mr Bob Davidson, managing director of GEC Power Systems, has become chairman of the NATIONAL NUCLEAR CORPORATION in succes to Sir Frank Gibb who has resigned. The appointment follows the transfer on August 31 of the Government'a 35 per cent shareholding in NNC to the General Electric Co.

Pumping out the facts on unleaded fuel

HE DRIVE to reduce poisonous lead levels in the atmosphere will gain fresh momentum in the next few weeks as Ford Escorts and Orions with 1.3-litre engines designed to run on both unleaded and leaded fuel start reaching dealers. But these environmentally cleaner versions of the UK's

best-selling cars are being launched into a smog of confusion among consumers about what unleaded fuel is and which cars can use it.

It has prompted questioning, by Mr Roger Humm, Ford UK's managing director, among others, of the Government's rule in promoting unleaded fuel and whether it is dragging its feet compared with oil companies and car makers.

and car makers.

The new Escorts, and a revised 1.8-litre engine in the Slerra also capable of running on "unleaded" without modification, takes Ford closer to receiver EC legislation resetting cation, takes Ford closer to meeting EC legislation requiring all cars produced after October 1990 to be capable of running on unleaded fuel.

At their launch, Mr Humm emphasised that virtually all Ford's current models can run on unleaded petrol subject to minor modifications — a £10 job on a 16-litre Sierra.

Yet Ford is no "unleaded" trend-setter. Hundreds of models, even most much-maligned

els, even most much-maligned Soviet-built Ladas, some dating from the 1970s, can run on

unleaded fuel. Many will need minor modification, but Vaux-hall, for example, offers the work free on suitable models. Around two thirds of the UK's 20.5m cars could use unleaded fuel if their owners chose. Petroleum Industry Association estimates show

Association estimates show that owners could save 22m a week by using it, because unleaded is nearly 6p a gallon cheaper than leaded four-star.

The Society of Motor Manufacturers and Traders, PIA, Shell and other oil companies are running campaigns of their own to try to dispel commison. Underlying them, however, is a perceived lack of commitment by the Government to promoting unleaded petrol and providing fuel tax incentives to

encourage its use.

The need to stop using lead is undisputed. It accumulates in body tissues and its effects include lowered intelligence levels in children. It can kill. UK car exhausts emit 8,000 tonnes of it a year.

But misconceptions continue to deter people.

The first is that a car modified to run on unleaded —
usually involving retarding the
ignition timing for less than
220 — can no longer use leaded
fuel. That is of obvious concern, because filling stations
selling unleaded are still relativaly flow modified to run on unleaded tively few. In fact, such a car will run

Only a handful of "cat" cars have been sold in the UK. New

on either type of fuel.

Lead is used as an octane

booster, to improve combus-

tion and prevent engine pre-detonation or "knock." But

cars of over two litres will probably need them from 1990 onwards, but car makers hope stricter exhaust emission limits on smaller cars can be met by other means, such as "lean

modern ratining gives unleaded fuel an octane rating halfway between four star and burn" engines.
Reluctance to convert conventional cars has been increased by the difficulty of finding out which ones can be adapted. Dealers should know, So once a car that ordinarily uses four-star has been modi-fied to use unleaded, it can but many seem almost as conobviously continue to use ordifused as the public. nary four or three-star as well. The only drawback is a slight

I hat has left motorists to contact the manufac-turer, specialist bodies such as CLEAR (Campaign for Lead Free Air), track down performance loss in some cars designed for four-star. All cars designed to run on two-star can automatically use unleaded because of its higher government or petrol company fiets - or forget the whole

octane rating.
Somehow, however, this straightforward situation has Some of the problem is that become perceptually entangled with that surrounding other enhaust pollutants: nitrogen oxides, carbon monoxide and Some of the problem is that the Government has not been subject to the flerce environmentalist pressures that have driven up unleaded fuel availability to 100 per cent of fuel stations in the Neiberlands, 90 per cent in Denmark and 75 per cent in West Germany.

Partly as a consequence. hydrocarbons.
The best-known method of dealing with these is the catalytic converter. Cars fitted with "cats" cannot use Isaded because lead particles cost the catalyst, rendering it useless.
Otherwise there is no link between repropring lead as a

per cent in West Germany.

Partly 2s 2 consequence, only 5 per cent of the UK's 21,000 filling stations serve it.

The numbers are now growing rapidly, with Shell, for example, investing 550m to introduce it to 1,000 of its stations by the end of this year.

Mr Tony Fox, PIA executive director, says hearly 5,000 between removing lead as a pollutant from car exhausts, and eliminating the other categories of pollutants (held responsible for different environmental ills such as acid director, says hearly 5,000 garages will have it by the end of next year — fulfilling, just,

John Griffiths finds out why Britain is lagging in the drive towards 'cleaner' cars the UK Government's under taking to the EC to have the fuel "widely available" by

However, so far the under-taking is being met largely at petrol companies' expense. Introducing unleaded will not mean any overall increase in petrol sales, even though the industry would need to spend fibriplus to equip every UK site. Unleaded is also more expensive to refine, although the industry covers that cost in the reduction of a 10.5p a gal-

ine reduction of a most a gar-lon tax differential to a gap of only about 6p at the pumps. Yet in spite of this rapidly growing investment, unleaded sales are bumping along at just 1 per cent of all petrol sales.
It is thus ironic that, without fresh government initiatives, sales appear likely to be accelerated only if oil companies spend yet more of their own

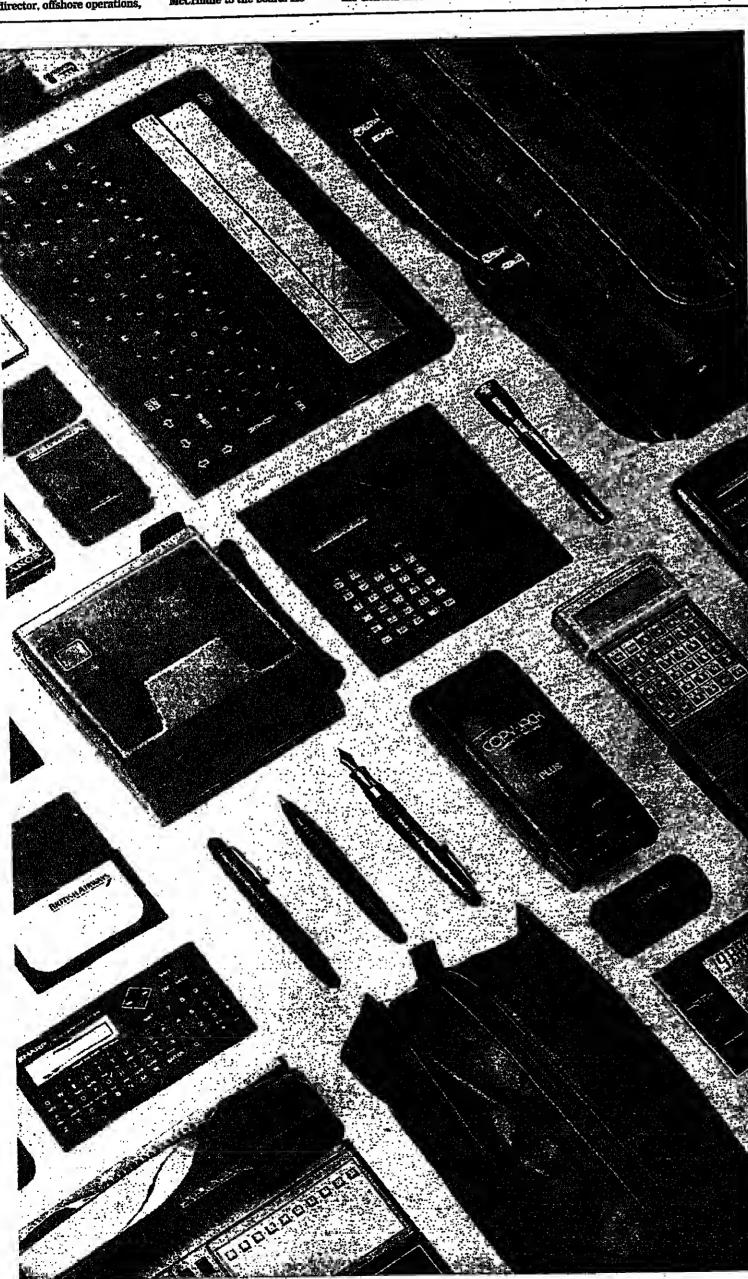
cash on promoting them.

Mr Humm is among those asking whether the Government should increase the tax differential further.

West Germany provides a cedent for doing so. A pump precedent for doing of 12p was price differential of 12p was needed before unleaded sales took off to their present mar-

ket share of 11 per cent.

The answer, GLEAR suggests, lies with the Government. "The message needs to reach every household, and it's the Government with the resources to do that..."



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GE Capital sets up London operation

tric Company of the US, has established a team in London to break into the European market for management buy-out and acquisition finance. GE Capital Corporate Finance Group, as the UK-based operation is known, has a staff of six people.

a staff of six people.

The company expects to provide loss and equity funds to finance buy-outs of more than \$10m. It will also provide expansion finance for companies that might otherwise have sought a public listing.

it is not raising my funds specifically to finance deals in Europe but will draw on GE. Capital of the US, which has a balance sheet worth \$36bn (£21.3bn).

The company plans to specialise in providing mezzanine finance — high-yielding loan notes that rank after secured loans but before equity in the event of the borrower failing. It expects to be able to back individual buy-outs with up to £200m of mezzanine funds. Mr Rodney Hall, head of the operation and a former director of 3i, the largest UK venture capital company; said the increased availability of mezza-nine funds should allow an

carried out in Britain and may also make it easier to take public companies private.

Mezzanine finance has become popular over the past two years as a way of finance.

GE CAPITAL, the financial ing deals that could not attract services arm of General Electronic enough secured loan and tric Company of the US, has equity finance. However, many established a team in London institutional investors have been reluctant to back deals involving large amounts of mezzanine, Mr Hall said.

GE Capital Corporate Finance would be able to underwrite large buy-outs on its own, subsequently selling on parts of the deal to other investors, initially, however, it intends to work leintly with other institutions in negotia-ting and financing deals.

The company is currently

negotiating two secondary fin-ancing deals worth £20m-£30m each. It has recruited a mix-ture of British and US execu-tives in an attempt to avoid the difficulties that have dogged some of the American executive teams sent to London in

recent years.
The London effice will also handle cross-border buy-outs involving companies with operations in more than one European country. GE Capital plans to set up an office in Paris in the next 18-24 months

in France.
GE Capital, which last year changed its name from GE Credit, started out providing lessing finance for customers buying domestic appliances and industrial equipment from General Electric. The company has invested over \$7bn in the past three years to finance buy-outs and corporate restructuring plans in the US.

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FINANCIAL TIMES MONDAY SEPTEMBER 12 1988

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Battersea leisure scheme

HORSELEY BRIDGE, Tipton, part of NEI Thompson, has won a contract worth over £13m for the structural steelwork associated with the £200m redevelopment project which will turn Battersea power station into a "palace of entertainment."

This sub-contract has been placed by Sir Robert McAlpine Management Contractors. The work involves fabrication and erection of about 7,000 tonnes of structural steelwork and the installation of 80,000 aq metres of steel decking.

Palace project

A contract worth nearly £10m to restore fire-damaged Hamp-ton Court Palace has been awarded by the Government. JAMES LONGLEY AND COM-PANY, Crawley, West Sussex, was awarded the contract by the Property Services Agency to restore the Sir Christopher Wren state apartments which were seriously damaged by fire in March 1986. The Government said total restoration costs of which the contract forms the major part would be in the region of £10m to £12m with work taking about three

Drainage in Dubai

LILLEY CONSTRUCTION, a subsidiary of FJC Lilley, has been awarded a £7.2m contract for the construction of drainage systems and pipelines in the Al Karama area of Dubai. The contract is for the Dubai Municipality and will be of 30 months duration.

CONTRACTS

Office development for Southampton

PENTAGON, the Hampshire-based design and construction group, has been awarded a £13.5m contract to build en office scheme in the centre of Southampton. The Grosvenor Square development has been designed to retain the style of the square's Regency origins, and includes the restoration of existing Grade II listed bulldings. Centred around landscaped gardens, the total development offers 168,000 sq ft of office space plus

residential accommodation and extensive car parking facilities.

The sensitive location of the development necessitated close co-operation between Pentagon, its appointed architects, W.H. Anders & Son and Southampton City Council to recap-ture the elegant splendour of the original square. Work on the scheme, for the Brighton Worthing and District Property and Investment Corporation (BIC), is scheduled for completion early in 1990.

£20m orders for Wimpey

The Scottlsh region of WIMPEY CONSTRUCTION UK has been awarded work amounting to over £20m, a mix of public and private sector contracts for Asda, Strathclyde Regional Council, Edinburgh District Council and Renfrew District Councils.

Work has started on the £12.7m design-and-huild contract for a single-storey bay-racked and shelved warehouse racked and shelved warehouse on the West Mains Industrial Estate, Falkirk, for Asda Stores. The 23,500 sq metre building with a height of 12 metres has a low-hay goods input area with a height of 6.5 metres, chill rooms, cold store, service area and loading banks.

In the public sector, the company is to huild a school exten-sion and undertake extensive housing work. A £2.7m contract is underway at the John-stone High School, Belth Road, Johnstone, Renfrewshire. Due for completion in early 1990, the work covers a 461 aq metres games hall extension and additional accommodation formed by the construction of a mezzanine floor of 352 sq metres. Refurhishment work internally includes the remo-delling of the senior school huildings, while externally windows and doors will he replaced and the concrete frame and brickwork

In Edinburgh, Wimpey has been appointed main contractor hy the District Council for the construction of 101 low-rise houses in 18 terraced blocks, a Bingham, Edinhurgh. The houses will he of traditional construction and the £3.4m contract is due for completion

in November next year.

Housing refurhishment contracts worth £2.1m have been awarded hy Morgan Grenfell (Local Anthority Finance) for Renfrew District Council and Congrights District Council Cunningham District Council. Improvements are being carried out to 211 low-rise houses in 45 blocks at Green Road Paisley, and at Caldon Road Irvine, the company is convert-ing three-storey flats to two storey structures.

Retailing in Glasgow

subsidiary of Costain Group, has been awarded a £7.1m contract hy BHS, part of the Storehouse, to fit out a store in the St. Enoch Centre, Glasgow.

BHS and Heal's will occupy store No. 1, an area of 8,495 sq metres on four levels within the development. The store will incorporate the BHS sales area at ground and first floors, Heal's sales area at first and second floors, a coffee shop with kitchen and public services, staff accommodation and scheduled for completion in plant rooms. The trading area April 1989.

COSTAIN CONSTRUCTION, a will be serviced by three escalators and three lifts.

The contract calls for structural alterations including the installation of escalator plts and openings with further openings for the ventilation system. A heating, ventilation and air handling system will be installed together with elec-trical works designed in accordance with the BHS energy saving requirements with a maintained supply hack-up generator. The contract has a duration of 39 weeks and is

BOARD MEETINGS-

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Sumer IAP J. 3.456;
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Trade Fairs and Exhibitions: UK

St. W. 11.30 BOARD MEETINGS-

Current Gifts West (01-637 2400) (until September 14)

Bristol Exhibition Centre

September 13-15 COMEX 88 Exhibition and conference (01-778 5656) Sandown Park, Esher

September 16-24 British Marine Industries Federation International Boat Show(0703 737400) Southampton

September 25-27 International Garden and Lei-aure Exhibition - GLEE (01-390 NEC, Birmingham

September 27-29 Water and Environmental Management Exhibition and

Overseas Exhibition

(Zagreh 41/511-666) (until September 18)

September 13-18 (01-734 0543)

September 18-21 QUOJEM (01-225 5566)

Conference (01-637 2400) Eastbourne

September 27-29 City of London Wine Fair Barbican, London EC2

Sentember 28-30 National Finance Directors Exhibition and Conference (01-837 1133) Business Design Centre,

October 2-4 International Flower Trades Exhibition - IFTEX (01486 1951) Alexandra Palace, London

British Footwear Fair (01-739

Current International Antumn Fair Zegreb

International Motor Car Work-shop, Service Station Equipment and Anto Spare Parts and Accessories Trade Fair

International Hardware Show **Paris**

September 21-26 International Beverage Production and Brewing Technology Exhibition - CHINA BEVER-AGE/CHINA BREW (0494

September 26- October 2 International Technical Fair (0892 48111) Plovdiv

October 5-10 Book Fair (01-734 0543) Frankfurt

DIARY DATES

High Holbers House, m, W.C., 12.00 | Council of British Sh Ass, E.C., 12.00 | Novotel Holef, 1 Shor ids, 6.W, 10.00 | Idar Court Holef, Wal First (G.M.). Ceder Court Hose, versions, 12.15
Goode Durrant, 8-15 Chisnell St., E.C., 11.00
Kernill Systems, Ashley House, 26-25 Church
Kernill Systems, Ashley House, 26-25 Church
Priest (Benjamie). National Motorcycle
Mascum, Coveriny Rd., Bickenhill, 308holl, W. Midtands, 2.30
Wittmat, 21 College Hill, E.C., 12.00
Wyndham Groop, Park Holel, Park Place,
Cardill, 12.00
BCARD MEETINGSPinels.

Cook (D.C.)

Retcher Chellenge Gt. Southern Group Hall (Matthew)

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Business and Management Conferences

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September 22-23

September 22-23

September 22

September 26

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Accountants: The 1988 Indus-trial Tax Conference (0908

The Institue of Directors: Cop-

ing with growth - directing the

expansion of husiness (01-939

Public Issue Conferences: The

industrial gas market in Britain and Europe (01-283

Holiday Inn, Manchester

London Press Centre,EC2

Sentember 12 The Economist: 1992 - The implications for marketing, advertising and the media (01-839 7000)

Marriott Hotel, London September 12 CBI/Marketing Society: Master-ing the market (01-379 7400) Centre Point, London WC1 Sentember 13

CBI Conferences: European standards - Who needs them? (01-379 7400) Centre Point, London WC1 ptember 14-15

Employment Research Unit annual conference : New forms of ownership - management and employment (0222-42588) Cardiff Business School

September 16
The Industrial Society: Harmonisation — A one-day seminar to examine the principles and practice of harmonising terms and conditions of employment (01-839 4300) 3 Carlton House Terrace, London SW1

September 16 Hawksmere: Insurance aspects of property investment and development (01-824 8257) Landon Press Centre

September 19,20,21 The FT City seminar (01-925

Plaisterers Hall, London EC2

Anyone wishing to attend any of the above events is advised to

telephone the organisers to ensure that there have been no changes in the details published

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Mortsember, 1 Lion Park Avenue, Cheesington, Sarrey, 12:00
Radium Metal Finishing, 89 Pairfield Rd., Bow, E., 3:00
Ransom (Wmilam), 104 Bascoot, Hillohin, Heris., 3:00
Thately (Eliza), Similagham Chember of Industry & Commerce, 75 Harbonne Rd., Birmingham, 11:30
United Wire, Caldfield House, 52 Preston-New-Rd., Backborn, Lancashire, 4:00
Uniter (Frank), 100 The Broadway, West Henden, N.W., 11:30 CBI Conferences: Your annual report (01-379 7400) Centre Point, London International Chamber of Com-merce: Investing for growth opportunities in worldwide der-egulation trends (Paris (1)

BOARD MEETINGS

The Institute of Chartered

Holiday Inn, Leicester Paramets (Group Velverine) inva. DevinceNDS AND INTEREST PAYMENTS-Agricultural Mortgage Corp. 7 kpc Deb. 1994-03 S.Euspe Projement 3.5p Projement 3.5p Christania Bank OG Bull Pitg. Rate Na. 1997 Acquisitions Monthly in con-

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L'Time Control, Phon House, Ellon Way,
Waltord, Herts., 72.00

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SOCIETE GENERALE French "Societé Avecame" Capital : French France 1.791.183.080 Head Office : 25, boolevard Reseasann - 75035 PARIS - FRANCE FIRST NOTICE

Luxembourg, September 12, 1988

The holders of zero coupon notes (11987-1982) in yen leaved by SOCIETE CENERALE are convened to a Central Meeding to be held at 5 g.m. at 3, rue Lr Fayetto - 75009 PARIS (France) on Begrember 28, 1986, in order to consider the following agends:

Annotational of the noteholders' per-- representatives, designation of the substitute representatives; less than the properties of the noteholders' representatives; powers and of the remainstation gives to the permanent representatives;

To permit the receivolders to stead or to be represented at this meeting, the ordes or heir deposit receipts trust be deposited at least two days before the date fixed for the meeting, at the other than the same trust periodical of the bands having participated in the placing of these notes and from whom process or admission cards can be requested. The meeting will be validly held of the hotsers of beenly five per cent of the outstanding notes embod to vote are present in person or represented.

The Board of Directors

The Board of Director

ICI Finance of the 1987 Annual A S.A. LUXEMBOURGEOISE **ENTE NAZIONALE** PER L'ENERGIA

ELETTRICA (ENEL) US\$300.000.000 FLOATING RATE **NOTES DUE 2000**

1988 to March 5, 1989, the rate of interest has been fixed at 9%% P.A. The interest due against coupon or 8 will be \$ US 458,78 and has been computed on the actual number

of days elapsed (181)

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For the six months, September 6

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COMPANY NOTICES

A notice appeared in the 8th September 1988 edition of the Financial Times. Part I of the Special Resolution was incorrectly printed. The Notice below is the corrected printed. The Notice below is the corrected versions.

MIDSUMMER LEISURE PLC
NOTICE OF EXTRAORDINARY GENNOTICE IS HEREBY GIVEN (pressure).

NOTICE IS HEREBY GIVEN (pressure).

TO Article 132 of the Articles of Association of Midsummer Leisure PLC) that an EXTRAORDINARY GENERAL MEETING of the Company will be held at Swithland Hall, Swithland, Leiszner LEI2 STD
or 30th September 1983 at 10.15 a.m. for the purpose of considering and if thought fit, passing the following reachtion which will be proposed as a Special Resolution.

SPECIAL RESOLUTION

will be proposed as a Special Resolution.

SPECIAL RESOLUTION

THAT:

1. each of the 25,000,000 ordinary Shares of 259 each in the capital of the Company (whether issued or unissued) be sub-dividend into 5 Ordinary Shares of 59 each with effect from the close of business on 30th September 1988 and immediately thereafter all of the Ordinary Shares of 50 each in the capital of the Company be consolidated into Ordinary Shares of 50 each in the capital of the Directors be empowered to deal with the Ordinary Shares reproteating fractions traing from the consolidation and sub-division referred to above in the unamer described in Article 44 of the Articles of Association of the Company but so that instead of such aggregated fractional emitlements being sold for the benefit of the Shareholders they shall be sold for the benefit of the Company and this resolution shall take effect as as an ab loc alteration of Article 44 accordingly.

By Order of the Board

44 accordingly.

By Order of the Board.

7th September 1968

Registered Office
Sentinend Hafl.
Swithiand,
Leicoster LE12 STD
Registered in England No. 1187669
NOTE: Any holder of Ordinary Shares
entitled to attend and vote at the Meeting,
convened by the above Notice is entitled to
appoint a proxy or proxies to attend and
on a post vote instead of him. A proxy
need not be a member of the Company.
The appropriate completed form of proxy
must be lodged at the address shown on
the form on a to arrive not later than 10.15
a.m. on Wednesday 28th September 1988.
Completion of the appropriate form of
proxy does not prevent a shareholder from
attending and voting in person if he wision
to do so.
Copies of the Circular sent in the shareholders of the Company concerning the
above resolution and forms of proxy are
available upon written application to J.T.
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PLC, Swithland Hall, Swithland, Leisuare
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Particionants in the Riley Leisure PLC.

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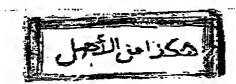
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MANAGEMENT

A Japanese touch on the ivories

Alice Rawsthorn explains how Yamaha's controlling interest in Kemble has boosted productivity at the British piano maker

dian era when his man planos emerged from a small workshop in Stoke Newington in north London, Kemble & Co has been a leading light in the British piano industry. Kemble abandoned the Stoke

Newington workshop years ago. Today its pianos roll off the production lines of a parpose-built plant in Milton Keynes and the company is controlled by Yamaha, the giant Japanese corporation and the world's largest musical instruments manufacturer.

For the past two years, teams of Japanese technicians have visited Kemble to scrutinise every aspect of its production process. The Milton Kaynes factory recently re-opened after being completely refitted with modern machinery and new production

Kemble is by far the biggest and most successful of the small band of surviving British piano makers. It plunged into problems, together with the rest of the industry, in the slump of the late 1970s. By the mid-1980s, after stringent cost cutting, it had recovered. But the Kemble family was aware that the international piano market was becoming increasingly competitive. And, as a family firm, it lacked the capital to invest in modern machinery and to move into

We fought hard to put the company back on its feet," says Andrew Kemble, joint managing director. "In the short term our prospects seemed reasonable. But we ware donhtful about our chances in the long term." The simplest solution for Kemble was to secure the support of a larger group. The ohvions candidate was Yamaha, the giant Japanese corporation with which it had

been associated as a distribu-tor since the late 1960s.

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ver since the Edwar- influx of inexpensive Japanes dian era when its first pianos dealt a devastating blo pianos dealt a devastating blow to established European manufacturers. The Japanese compenies gathered momentum throughout the 1970s and 1880s. Yamaha is now the largest plano maker in the world.
Yet Yamaha had become concerned about the impact of

the rising Yen and the political squabbles over Japanese trade policy on its overseas sales. In 1986 it concluded an agreement with Kemble, whereby the British company would assemble and finish its planos for sale in Europe. Early this year, Yamaha increased its involvement by taking a controlling interest in Kemble.

Yamaha's plan was that the Milton Keynes factory—which produced 3,500 planos in 1986—will make 10,000 models in 1986, it was also concerned that the output from Kemble the rising Yen and the political

that the output from Kemble should match its own production standards in Japan.

In late 1966 it embarked on an intensive productivity programme so that the factory

could treble its output, with half as many employees. The linchpin of this programme has been the lisison between Yamaha's technicians and the Kemble workforce. Yamaha has installed two permanent managers - a joint managing director and a production specialist — at Milton Keynes, From late 1966 it has sent "hit" teams of engineers and technicians to Kemble.

Each team spends up to a month studying a particular aspect of Kemble's production process. It then discusses its observations and proposals with the Kamble workforce. Some Kemble employees have visited Japan to see the Yamaha plants.

Some of Yamaha's changes have already taken effect. One area of improvement has been in raising the standard of bought in components. In the past the arrival of faulty com-ponents had disrupted the pro-Yamaha first emerged as a duction process; skilled work-force in the international piano ers had been forced to waste market in the 1960s, when the time sorting out the resultant



Andrew Kemble: calling on Yameha's experience and expertise

Yamaha has provided the necessary capital and the forward orders needed to justify the investment. By this time

next year, polyester planos should provide a third of Kem-

ble's output.
Some of the new equipment, like the sanding and buffing machinery in the polishing section and the conveyor lines.

that move the planes around the plant, was originally devel-oped by Yamaha in Japan.

Other equipment comes from different sources, like the new

computer-controlled cutting

"The changes are not intended to turn the Milton

Keynes factory into a replica of a Yamaha plant in Japan," says Andrew Kemble. "What we have tried to do is to call upon Yamaha's experience and

upon Yamaha's experience and expertise to help us to improve the efficiency of the factory."

So far the expansion programme has proceeded according to plan. Kemble says that the initial misgivings among the Kemble employees evaporated when it became clear that Yamaha intended to initiate change through discussion.

ate change through discussion,

member of the British percus-

sion industry, which it acquired last summer.

As for Yamaha, it is now embarking on the same process at Premier, the last surviving

m which was made in

problems. Yamaha was able to suggest ways of obvisting these problems by improving the standard of service from Kemble's suppliers. Similarly Kemble has bene-

fited from applying systems developed in Japan. Kamble had already begun to introduce more flexible working patterns, but Yamaha reinforced this by breaking down tasks into smaller units. An employee who would once have devoted 45 minutes to a particular task, may now spend as little as 10 minutes on it.

Such initiatives enabled Kemble to boost productivity by 70 per cent last year alone. Once the refitting programme is completed, and the new machinery comes on stream, the improvement will be more

The film refitting programme has been accomplished in two stages. The factory closed for two weeks in June and for three weeks this month.

The biggest area of invest-ment has been the installation of polyester finishing equipment. In recent years polyester pianos, that is pianos made from wood with a shiny polyes-ter veneer, have become increasingly popular in Europe. But the necessary equipment is so expensive that, until now, Kemble had been able to make no-more than "a handful" of polyester planes a Business courses

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The managers operating behind a 'culture of bluff'

Michael Skapinker reports on reasons for computer illiteracy

have a guilty secret which they go to great lengths to hide from their sub-ordinates. They do not really understand how their com pany's computer system works.
A survey published today by
the British Institute of Management and the management consultants Coopers and Lybrand says that several respondents referred to a "culture of bluff" among executives who attempt to hide their computer illiteracy.

The problem, according to the survey, lies in the training and education that accompa-nies the installation and upgrading of information technology systems. Those who do the training often know little about the business. And those who know about the business often get little help in under-standing how to get the most out of the systems.

The curvey was based on questionnaires completed by 750 BIM members, as well as in-depth interviews with 30 public and private sector

The questionnaire, which was aimed at general managers rather than IT specialists, showed that 83 per cent had some sort of direct involve-ment with information technol-

More than half the respondents used a computer at least once a week. More than two-fifths said they used a com-puter every day. Yet over half the respondents said they had an instance knowledge of an inadequate knowledge of how to use the systems avail-

As many as 68 per cent of respondents said that they did not know how much their company spent on IT training. Fif-teen per cent said that no money was spent on training.

Many said, too, that training had been haphazard, particularly for managers. "Some

managers discovered the capa-bilities of their system by trial and error," the report says. Many felt that the training that was on offer to companies was unsuitable. Trainers used too much jargon. They also concentrated excessively on how to operate equipment and

Training offered by outside organisations came in for par-ticular criticism. Some "information systems managers believe that they are being bombarded by sales literature about training.

They appear to have diffi-culty separating out manage-ment-oriented training (if there is any) from that aimed at IT specialists," the report says. "As a consequence, most individual managers have a limited view of the total spectrum of training available from means of expanding this view.

In many organisations, the report said, there was a feeling that senior management was not sufficiently committed to

Those who do the training often know little about the business. And those who know about the business get little help in getting the most out of the systems

IT education. "It was widely believed that a senior manage-ment 'champion' of IT was required in order to bold genume responsibility for, and commitment to, IT development.

"In some cases it was suspected that IT had been acquired as a 'good thing', but there had been no active support from senior management for the consolidation of IT following its introduction.

The equipment was often installed without prior consul-tation or training and in sevnobody with sufficient IT experience or knowledge to manage the system.

It adds that "the unpalatable truth is that few organisations plan or rigorously manage their IT training and educational activities. As a result, these activities are character-

did not spend enough time talking about how the system and the dominance of the IT could be used to henefit the department as IT educators."

The report does, however,

turn up some encouraging practices among the companies it surveyed. For example, in one company the systems staff and the personnel and training department worked together in assessing managers' needs and in developing course material.

The report makes several recommendations which it says could help improve tha quality of IT education and ensure that computer systems are more effectively used.

One of its recommendations is that companies make it training and education a res-ponsibility of the board. The report found that the board was responsible for IT training in only 15 per cent of the organisations surveyed. "IT education and training simply hasn't got any clout at board level - no one is fighting for

it," one respondent said.

The report says that the board should belp to establish an organisation-wide approach to IT training and attempt to ensure that the skills acquired could be used to achieve organ-isational goals.

Those responsible should belp to identify the outside trainers who seem most able to adapt their programmes to fit the organisation's requirements.

"Be more demanding of training suppliers.* the report says. "Don't settle for standard courses if they don't meet your needs."

To foster collaboration between the personnel and IT departments, the report recommends that people should be transferred from one to the other at different stages in their careers.

Organisations should also establish a library of what training and education is avail-able and attempt to keep line managers informed. "It is clear that many line managers are not aware of who is responsible in their organisation for IT training and education," the report said.

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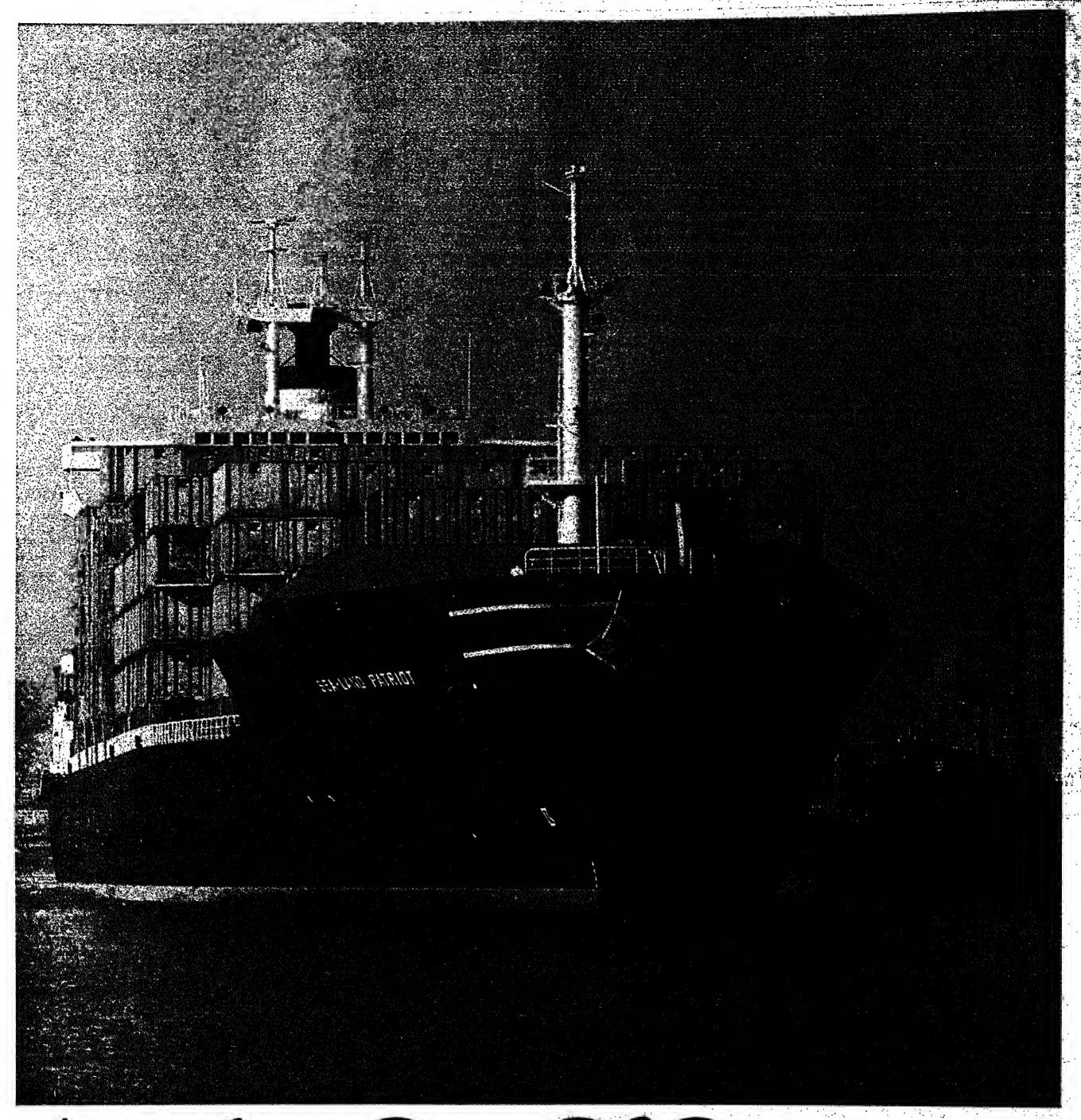
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Here is a knight to remember

The consummate Otello that Peter Stein staged for Welsh National Opera is unlikely to be forgotten by anyone privileged enough to experience it. The company has now repeated its coup, tempting Stein back to Cardiff with his design team of Lucio Santi and Moidele Bickel, again with the soleudid Santi and Moidels Bickel, again with the spleudid conducting of Richard Armstrong, for a Fulstaff that may not be as uncompromisingly definitive as their earlier collaboration the opera itself defies that in any case - but nevertheless represents as extraordingers. represents an extraordinary fusion of stagecraft and

musical perception.

This, one has to remind oneself, is only the third opera Stein has ever produced, yet it moves with a clarity and theatrical certainty which one rarely eees approached by anyone else in the opera house. In an interview published before the first night Stein revealed that his approach to Falstaff had been essentially a conservative one, regarding it as a sequence of clockwork mechanisms that had to be set in motion as efficiently as possible, and absolute fidelity to Verdi's intentions is at the heart of this production. The staging is thoroughly naturalistic—a lean-to Garter. Inn, tightly confined, a galleried courtyard for Ford's house, unmistakeably Tudor, and an austere interior, breathtakingly spacious and magically lit, within which the characters move with the poetic geometry of a Vermeer painting. There is a full-blown oak for the final scene, and otherwise a minimum of prope

Timberlake Wertenhaker's

delightful new play recounts

the first theatrical adventure in Australia, the 1789 performance in Sydney Cove-by English criminals of George

Farquhar's The Recruiting

Officer.
The text has been imaginatively based on Thomas.
Keneally's novel The Playmaker, published last year within a few months of Robert

Hughes's magnificent history of the convict colony in New South Weles, The Fatal Shore.

Wertenbaker and the Court

pay full tribute to both books. But the theatrical dimension is:

their own, and the piece now

no glosses to distract from the business of the opera.
That business is entirely defined from the music. Everything that Verdi pours into his score, its laughter, its smaxement, is realised visually without any coarse-grained kneckabout or contrivance. Stein has listened in minute detail, and fed his imagination accordingly. The cross-cutting accordingly. The cross-cutting of the men and women in the second scene is ordered with gen-like precision, the furious hunt for Falstaff, complete with a linen beaket that is just too small, fills the stage space with a welter of activity. Nothing is careless, nothing

pretencione, and the exploitation of the gaps between their self-images and reality. Falstaff genuinely reality. Falstaff genuinely wants to believe in his undimmed potency (his wooing of Alice quickly becomes much more than bottom-pinching harasament and ends in near rape). His humilistion in the final scene therefore is the more savage and the self-realisation which follows the more moving. Similarly self-realisation which follows the more moving. Similarly Ford's fury in the second act is repulsively exact, yet still inflations in its excess, and the langhter it evokes double-edged.

Andrew Clements finds that Peter Stein has brought a joyous Falstaff to the WNO

left to chance. The mechanisms are wound with maximum virtuosity for the final fugue - the oak disappears, the stage is left bare, and the entire company is compressed into its centre to jostle for position, as the protagonists weave in and out to deliver their lines, until Falstaff is borne aloft as the curtain falls. As a theatrical-analogue to the most intricate of musical designs it is an extraordinary invention, and makes an unrepeatable

This is by no means a self-consciously funny Fulstuff, but at once a joyous and profound one. No ribe are tickled or thighs slapped and humour is drawn from the characters themselves, from

mance in honour of the King's

mance in honour of the King's birthday. The convicts, saved-from English gallows and gaols in order to populate a distant prison camp, are recruited for the play by Clark who acts on the authority of the first Governor General, Captain Arthur Philin

Philip.

The play's title dialogue a phrase from a prologue here credited to the Jewish thief Wischammer, whom Ron Cook doubles with Captain Philip. Wischammer is in love with Mary Breuham, the teenage convict cast as Silvia. But Gischammer is assigned the roles of Captain Brazen and Bullock (roles Mr Cook plays)

The generation gap between Falstaff and the household be plagues is wide — Ford is an ambitious man of property, and his wife and daughter, one fears, mere adjuncts to his property, and Mistress Quickly property, and Mistress Quickly a good 20 years younger than usual. Taking a one perhaps from Henry IV where she is described as a retired bawd who procured women for Falstaff, Stein gives her a blown attention of the control of the blowsy attraction, so that her visit to him in the second act carries a distinct sexual charge.

At the centre of this web of sharply differentiated relationships is Donald Maxwell's fat knight - truly obese, with a convincing paunch amply displayed at one

but is not known to have pro-

duced the play. Mary Brenham bore a child named after that wife, and Keneally ingeniously

invented the theatrical link in

his novel. Miss Wertenbaker's further treatment excludes the

Sydney Cove Plume and rein-

vents Parquhar's central duet in the vital conedy of Rainh and Mary. The former has his marital loyalties eclipsed in the

emergent radiance of Mary's thestrical talent.

Max Stafford-Clark's briskly

contrast to his fusey handling of Farquhar. Like the play itself, it remains healthly

under swed by history and a plethora of material, omitting jurid encounters with the

natives and concentrating on the idea of an embryonic

community transformed by the power of theatre. Mary Brenham finds a new

role in life ("I love this,"

ensuous production is in stack

point sung with great distinction, though some tonal learness. Perhaps because of the lack of slapstick, the melancholy is always near the melancholy is always near the surface, and even the moments of reminiscence are closer to mostalgia than braggadoccio. There is a thoroughly reptilian Ford from the American David Malia, and daftly managed Bardolfo and Pistola from John Harris and Geoffrey Moses, though the vividness of their contributions, like that of Peter Bronder's Cains. is Peter Bronder's Caius, is necessarily less obvious in this

production.

Laurence Dale's Fenton, full voiced, irrepressibly impulsive, is a constant delight, and so is Nuccia Focile's Nannetta, vocally sometimes frail, but captivating and constantly alive. The trio of ladies is led by Suspens Morehy's Alice et by Susanne Murphy's Alice, at her best when evading Falstaff's advances and well supported by Wendy Verco's Meg. Cynthia Buchan is the unconventional Quickly, a busy entreprenence and probably a thoroughly bad influence on Nannetta. As a unit the cast works with immaculate efficiency, shaping each paragraph with as much dramatic intensity as each act. Those shapes are instantly registered, and underlined by the surity of Armstrong's conducting, which was inclined to severity in the early scenes, despite the vividness of the orchestral playing, but acquired more detail and plasticity as it went on, without ever losing its cutting edge. Each element of the production fits exactly into place, and the total effect is

place, and the total effect is magnificent.

exclaims Miss Sharp, ecstatically, before plunging on as Silvia). The Garrick enthusi-

ast Robert Sideway, aketched out with voracious earnestness

by Nick Dunning as the first antipodean Nick Bottom, in actual fact opened his own playhouse in 1786.

Thus transportation leads to transformation. But not in the case of Harry Brewer, the

drunk Provost Marshal haunted by the ghost of a hanged rival in love. With

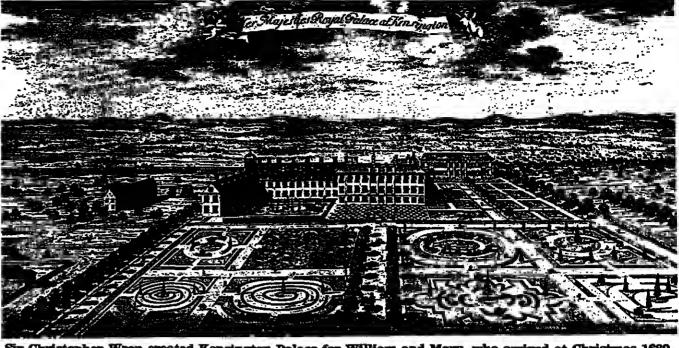
Harry, and the tortured resent-ments of Liz Morden (Linda Bassett), the dark conse-quences of this grim experi-ment take hold. Jim Broadbant doubles Harry with the burnels

doubles Harry with the burglar Arscott cast as Kite, and each

manifestation provides a sunty, sudid underpinning to his brilliant performance

Michael Coveney

proper in the Farquhar.



Sir Christopher Wren created Kensington Palace for William and Mary, who arrived at Christmas 1689

An extremely minor exhibition

Colin Amery deplores the niggardly approach of the organisers in England of this year's celebrations of the Glorious Revolution

The offer of the British crown to William and Mary in 1688 as joint monarchs in place of sames II brought political stability to the country, and with it a rare flowering of the domestic and decorative arts.
William, Prince of Orange, was
not merely a fighting man:
when he was not following the
chase he had a great interest in
gardening and building, which he indulged both in the Nether-

lands and England. The Tercentenary of the Glorious Revolution this year provided a wonderful opportunity to mark the birth and spread of the international Baroque style. How sad, therefore, that our premier museum of the decorative arts, the V&A, was so menthusiastic about a great exhibition: plans for *The Orange and the Rose* to be held
in London and et the
Rijksmuseum in Amsterdam foundered under the weight of too many committees of

The dull historical show at the Banqueting House in Lon-don's Whitehall scarcely touches on the cultural signifi-cance of the joint reign. Ironi-cally, the major commemora-tion of the arts of the reign will be exhibitions in New York (at the Cooper Hewitt Museum from mid-November) and in Pittsburg.

There is a modest attempt at. a commemorative show in Lon-

don until the end of October.
Funtastic Funcies — Decorative
Arts from the reign of William
III and Mary II is appropriately on display at Kensington
Palace. Mr Nigel Arch, the Palace curator, must have longed
for support to put on an exhibition to do justice to the major
contribution the artists and
craftsmen of William and craftsmen of William and Mary'e court made to Anglo-Dutch taste. Instead, he has The Department of the Envi-ronment could learn a lot from had to put as good a gloss as possible on an exhibition that is, in architectural and art his-

torical terms, extremely minor. There are just 63 items on show paintings, furniture, and ornamental things, many of them lent from the Royal Collection. Luckily the exhibition is seen as part of the tour of the Palace's state appartments, so that it is just possible to get an inkling of the artistic achievements of the reign.

Kensington Palace was created by Christopher Wren for tha King and Queen, who moved in at Christmas 1889. But it is not Wren or Grinling Gibbons who should interest us here, but Daniel Marot. He was the most important artist to come to England with William. A Huguenot refugee from Paris, he brought with him the style of that city in 1680, but went on to adapt and refine this until he came to be recog-nised as a designer of international stature.

If is difficult at Kensington

Palace to imagine how tha rooms designed for William and Mary actually looked. But there is no shortage of historical material and it is time that the royal palaces of Kensington and Hampton Court were the sobject of much more research and expenditure. For the average visitor it is almost impossible to understand or visualise the former splendour

the National Trust, and from abroad. The expenditure at Versailles has been vast, and all the way through the restoration has been supported by research and documentary evi-dence. It is puzzling that such a gap has grown up between the scholars and those who actually run our major national historical monuments.

A mass of fascinating research A mass of resembling research appears in the recent book The Gurdens of William and Mary by David Jacques and Arend Jan van der Host (Christopher Helm, £15.95.) Published to mark the Tercentenary and with contributions from many experts, it is both worthwhile and important. The influence of the King Is not to be underestimated: Daniel Defoe commends him for reviving the love of gardening and for encouraging others to: follow with such a gust that the alteration is indeed wonderful throughout the kingdom." The great joy of the book is the intricacy of the design as seen in contemporary engravings; historic gardens are of much more than academic interest and this fine presentation of evidence should inspire serious restoration, or even recreation, of major gardens.

Because the development of the English landscape has inclined to follow nature rather than geometry since the reign of William and Mary, it is hard to imagine the complexity and detail of 17th-century garden-ing. Take Hampton Court, for example, where the possibili-ties for restoration are enor-mous. The recent replanting of the lime semicircle in the fountain garden is a token start. In our Royal Parks the standard of planting and the state of historical knowledge is poor. With an aesthetically conscious Prince now resident at Kensington perhaps there is a chance of some work that will elevate the palace and the gar-den above its present disap-

pointing appearance.

For Kensington and Hampnew book should be used as a manual for their renewal and restoration. The Tercentenary's lasting contribution should be a raising of standards for the upkeep, display and restoration of William and Mary's two palaces and their gardens.

Bullock (rules Mr Cook plays in the Farquhar) while Clark (David Halg) steals Silvia plays in repertory (until October 8) with the unadulterated ber 8) with the unadulected (David Haig) steals Silvia production of Farginal Exploy (Lesley Sharp) by asserting his that opened here in late directors privileges and occurring to the Figure Captain Keneally's fittle refers to the Figure have been affected as the Figure Clark who proposes the perfor devotion to his distant wits.

Our Country's Good

Hallé Orchestra

With the Halla Orchestra sterling projection and rich. New York Philharmonic on its current form under Stanislaw Skrowaczewski and Royal Opera has him securely a solid Bruckner symphony on booked for the rest of the treatment traded effectively. Stanislaw Skrowaczewski and the programme, Friday's Prom hardly needed the extra fillip of a soloist. The American baritone James Morris was none the lese wery welcome; though he is a much sought-after Wagnerian abroad, the imminent new Rheingold at Covent Garden will mark his operatic debut in Britain.

(I heard him as the Count in a Salzhurg Figuro: notably intelligent, but Mozart is not his natural territory.) Here, as a foretaste, he delivered Wotan's Farewell from Die Walküre with amooth power,

performance under Zubin Mehta, though Mehta's fluid treatment traded effectively upon the richer New York sound. Skrewaczewski's reading was more sternly proportioned and paced (not actually slower), as one could have expected, and it gripped the Prom andience throughout. The rapt silence surely made

The conductor opted for the second of Bruckner's three versions of the symphony, and made a persuasive case for it. As neual his controlled dynamics were exemplary eomething that can be achieved only when the

itself felt even on Radio

players listen to each other as keenly as the Hallé ones do. The brass choir carried full. judicious weight; the strings, beautifully belanced, sustained their timbre all through the long planissimo passages that Skrowaczewski cultivates so

lovingly. He indented Bruckner's stately paragraphs with faultless tact, never allowing the forward movement to falter. Afterward, one remembered not passing moments of glory, but the noble profile of the whole

David Murray

London Sinfonietta

Jazz-influenced Stravinsky and Weill's Seven Dendly Sins were contrasted in Thursday's Albert Hall Prom, which the London Sinfonistia gave under the ever more impressive and versatile Lothar Zagrosek. The Ebony Concerto was the most substantial of the Stravinsky items, and between the combi-nation of Zagrosek's Incid direction and Michael Collins's

relish. coolly accurate solo clarinet playing the work emerged as much less a rare example of Stravinsky letting his hair down than one of the most austere examples of his late neoclassical style, full of gleaming, smooth surfaces and anaesthetised emotion. Much farther

of almost 30 years earlier, and much less unbuttoned than the Circus Polka, which the Sinfo-nietta players dispatched with almost indecent and raucous

The first half of the concert could well have been entitled "How to have fun with 20th-century music," for the non-Stravinsky items were hardly serious. Zimmermann's Musique pour les soupers du Roi Ubu wears less well than many of his other mixtures of quotstions and allusions, though at least in this case the absurdist plot of the "imagi-nary ballet" is well matched to the music.

I confess to a sneaking admi-ration for the final movement

in which Berlioz's March to the caffold collides with the Ride of Valkyries, but the rest is thin. So too is Don Banks's Meeting Place, for chamber ensemble, jazz group and syn-thesiser, an early Sinfonietta commission. It attempts to prove that the ofl and water of jazz and "straight" music can be made to mix, but the most successful passages are those in which the jazz group is given its head unbridled, or the few quiet solo reflections for

Zagrosek and his orchestra handled both Zimmermann and Banks with great spirit, and finally moved on to one of the Sinfonietta's long standing specialities. Anna on this occa-

other instruments.

was Maria Ewing, the Family the regulars from the London Sinfonietta Voices. It was not a staged performance in any official sense, but Miss Ewing's turns of head, hitchings of dress and swirls of a wrap, did more than any amount of realistic decor would have done. Her voice winds around Weill's soprano lines with sensuous intent, her disingenuousness is perfectly judged, and darkens when required the tone darkens most memorably. On stage, carefully produced, it would be a most remarkable perfor-

sion in The Seven Deadly Sins

Andrew Clements

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FINANCIAL TIMES

ARTS GUIDE

Wignore Hall. Haydn Festival.
Andras Schiff (piano), Yuko Shiohawa (violin), Steven isseriis
(cello), Takacs Quartet (Fri, Sat)

(celic), Takacs Quartet (Fri, Sat)
(865 2141).
Hallé Orchestra conducted by
Shanialay Skrowczewaki, with
James Morris (baritone). Schulmann, Wagner, Bruckner. Royal
Albert Hall (Fri) (588 3212).
BBC Symphony Orchestra conducted by Gunter Wand. Mozart,
Trhalkovsky. Royal Albert Hall
(Sat) (589 3212).
London Symphony Orchestra
conducted by Michael Tilson
Thomas, with Jorge Bolst
(piano), Mangaret Price
(soprano), Jard Van Nes (meszo-soprano), Siegfried Jeruselem
(tanox). Beethoven, Weber, Mahler. Royal Albert Hall (Sun) (589
8212).

er. Royal Albert Hall (Sun) (100) 8212).
Scottleh Kational Orchestra con-ducted by Bryden Thomson, with Christian Blackshaw (plano). Tchnikovsky, Liest, Prokofiev. Royal Albert Hall (Man) (500) 8312). 8212). Scottish Chamber Orchestra con-Scotten Chamber Orchestra con-ducted by Sir Peter Maxwell Davies, with Robin Miller (obce). Haydn, Maxwell Davies, Bee-thoven Royal Albert Hall (Tues)

thowen. Royal Albert Hall (Tues) (868 8212).
BBC Symphony Orchestra conducted by Pietre Boulez, with Jessye Norman (soprano). Mahler, Berg, Webern, Bartok. Royal Albert Hall (Wed) (868 8212).
Royal Philharmonic Orchestra conducted by Yondani Buit, with Kathryn Stott (piano). Barbican Hall (Wed) (838 8881).
London Symphony Orchestra conducted by Michael Tilson Thomas, with Anna Steiner

(soprano). Cliver Krussen, Robin Hollowsy, Mahler Berbicsn Hall (Thurs) (528 5291).

Formell

Tentro Grande (Panatenee Pom-peiame). The Bayerisches Stantor-chestar conducted by Wolfgang Sawallisch playing Richard Stranss (Fri). Box office Rome 856.41.26. Todi Festival (Sala del Chiostro). A look at 20th century music: Benjamin Britten's Simple Sym-phony, and works by Barber, Dvorzak, Rodrigo and Srebotniak played by the Nuova Camerata Strumentale (Sun) (88.36.11).

Streen
Settimane Musicali (Lake Maggiore), Palazzo Borromao (Isola Bella); Guitar recital by Alirio Diaz. Scarlatti, Bach, Ponce, Torroba (Ftl) (S1.085).
Tastro del Palazzo del Congrussi, Uto Ughi (violin) and Martha.
Argerich (piano). Schumann, Beethoven and Prokoffev (Sun).
Quartetto Fidello. Fauré, Richard Strauss (Mon). (S1.086).

ORF (Austrian Radio and Television Orchestra), conducted by Ulf Schirmer with Lajos Lences (obce). Zimmermann, Stravinsky. ORF (Pt) (5000, ert 881). Boyal Philiarmonic Orchestra conducted by Brich Leinsdorf. Brahms, Johann Strauss, Dvorak Konzerthans (Sat) (721211). Haydn Sinfonletta, conducted by Manfred Huss and Kodaly Choir from Debrecen, Hungary, conductor Kalman Strausz, with tor Kalman Straugz with

Gertraud Schmid (soprano),
Hanna Fahlbusch-Wald (mezzos prano), Andras Moinar (tenor),
Peter Koeves (bass). Beethoven (Missa Solemnis). Votivkirche (Mon, Thurs)
Haydn Simfonietta, conducted by Manfred Huss. Beethoven. Hofburg (Tues, Thurs)

tised emotion. Much farther

from jazz in fact than Ragtime

Berlin

Berlin Philharmonic Orchestra (Philharmonie). Conducted by Carlo Maria Giulini, with Bar-Carlo Maria Giulini, with Bar-bara Bonney (soprano), Andreas Schmidt (baritone) and the Ernst-Senff Choir. Brahms's Ger-man Requiem (Sat, Sum). Con-ducted by Sir Georg Solti, Bartok and Beethoven (Wed, Thur). Alfred Brendel (Philharmonie). Piano recital: Mozart, Brahms, Beethoven and Liszt (Tues).

Concertgebouw, Riccardo Chailly conducting the Concertgebouw Orchestra, with Rafael Oleg, vio-hin: Wagner, Saint Saens, Tchai-kovsky (Thur) (718 345).

Doelen. James Conlon conducting the Rotterdam Philharmonic, with Nobuko Imai, viola. Bartok (Thur) (413 2490).

Rotterdam

Soloists of Orchestre National de France play Hindemith, Dal-ispiccola, Ohana, Messiaen. Radio France, Studio 106 (Mon)(42301516).

Sept 9-15

temporian, with Pierre-Laurent Aimard, piano: Dutilleux, Boulez Centre Georges Pompidou (Thurs) (427 71238, ext. 4810). Orchestre National de France conducted by Dennis Russel-Da-vies, Jean-Claude Pennstier, piano: Strauss, Stravinsky, Kenakis, Ligeti, Messiaen, Théâtre des Champs Elysées Theatre des Champs Elysees
(Thur) (42901516).
Prestige de la Trompette with
Maurice Andre, his friends and
Ensemble Orchestral de Paria
conducted by Philippe Bender;
Torelli, Bartok, Telemann, Bach,
Stoelzel. Salle Pleyel (Thur) (456
28873)

Washington National Symphony (Kennedy Center Concert Hall): Mstislav Rostropovich conducting. Bern-stein, Haydin, Brahms (Thur). (254 3776).

Tokyo
Paul Crossley (piano), Debussy, etc. Shows Women's University Green Hall, near Sangenjaya (Mon) (785 4488)
Traditional Japanese Music. Kaneyama Kono (koto). ABC Hall (Wed) (400 2805)
Traditional Japanese Music. Drums from Hokkaido and Toyama. National Theatre (Wed, Thurs) (285 7411)
NHK. Symphony Orchestra con-Thurs) (265 7411)
NHK Symphony Orchestra conducted by Esa-Pekka Salonen.
Stravinsky. NHK Hall, Shibuya (Wed, Thurs) (465 1781)
Yomiuri Symphony Orchestra conducted by Gennady Rozhdestvensky. Tchalkovosky. Suntary Hall (Wed) (270 6131)

The Tell Tale Heart

- performance art is making a comeback. A wayward child of the 60s, when anything went in artistic as well as personal matters, it has bided its time, dreaming up even more fiend-ishly benal happenings for a politely bemused public. Much of the recent biding has been at the Zap Chub in Brighton which this week is presenting the letter process on London's its latest concept on London's

Devisers and directors Ian Smith and Neil Butler have turned for inspiration to Edgar Allan Poe's short shocker, The Tell Tale Heart, the one where the ever more resounding heart best of the murdered old man drives the killer to confession. It is a good idea and the programme promised much. The stage, too, looked inter-

esting, covered with Heath Robinson contraptions that were obviously going to move and shake in mysterious ways. And, yes, there was the inevi-table screen for the badly filmed, badly edited, images that are such a feature of per-

formance art.

The equally inevitable disappoinment, the gap between the ambitions of the performers and the creative results, happened at once. To set the scene Captain Sensible was to read the story. It can never have been more beginning worse unibeen more boringly, more uni-

Lock up your critical faculties maginatively, more uncreepily,

Then came dancer-choreographer Liz Aggiss and com-

poser Peter Sinclair to give their interpretation. This was performance art as we know and dread it imprecise sounds drifting from instruments scattered around the stage, their emission controlled by Sinclair from a console, while Aggiss, looking like a giant screw, with black breeze blocks attached to

feet and arms, struggled to rise from the floor. And, yes, the contraptions heaved fitfully. Then an imaginative interval before writer Kathy Acker read some letters from Rambo (perhaps I mean Rimbaud) to his true love Verlaine. This was good Radio 3 stuff but Acker had obviously popped into the wrong show (actually that is impossible in performance art). Finally the Grand Theatre of Lemmines wrapped it to with Lemmings wrapped it up with a Grand Guignol version of the tale, which had highlights if you like Paul Daniels: noses were impaled on nails and

heads were sawn off. When I wasn't feeling bored and insulted I did feel spas-modically intrigued and slightly discomforted. Perhaps we need performance art as an entitled to clear, referring an antidote to glossy professional-

Antony Thorncroft

FINANCIAL TIMES

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Monday September 12 1988

Reforming the PLO

WHEN Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, meets socialist members of the Euro-pean Parliament in Strasbourg tomorrow, the world outside will be waiting with more than rontine interest to hear what he has to say. The PLO is cur-rently immersed in a funda-mental review of its role and aims in the run-up to a crucial meeting sometime later this year of the Palestine National Council, which Palestinians regard as their "parliament-in-exile." But nobody is at all sure where the process will lead, or precisely what the ever-elusive Mr Arafat is aim-

what is clear is that the events of the last few months have simultaneously con-fronted the PLO leader with the higgest challenge and the greatest opportunity of his

In some ways the nine-month Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip has trans-formed the political contours of the Arab-Israel conflict. But it has clearly not brought the PLO any closer to its goal of a Palestinian homeland. In view of King Hussein of Jordan's recent move to distance him-self from the West Bank, the credibility test: it has to show that it can do something posi-tive for its people under occu-pation and evolve a strategy to turn the international sympa-thy generated by the nprising into concrete political gains.

Transfer of funds

Given tightening Israeli restrictions on the transfer of funds into the territories, the provision of practical assis-tance is likely to prove extremely difficult. Harder still, in view of the PLO's diffuse structure and its past propensity for dreaming, is the construction of a realistic new

the PNC meeting.

The first plank of such a platform appears to be taking shape, and Mr Arafat is busy sounding out the international community on its likely response. As he confirmed last week, the plan is to seek international recognition for a "provisional government" in the

base its legitimacy on Security Council resolution 181 of 1947, which called for the partition of Palestine into separate Jew ish and Arab states.

ish and Arab states.

Creation of a provisional government would be a step in the right direction in that it would formalise the PLO's endorsement of a two-state solution to the Palestine conflict. The problem is that a state cannot be conjured out of the air, and that diplomatic recognition is no substitute for real political clout. While real political clout. While numerous countries, especially in the Non-Aligned Movement, would probably recognise the new body, as they already recognise the PLO, those which really count – princi-pally the US but also Britain and France, which as a matter of principle recognise states rather than governments – would certainly not.

Basic charter

The more important ques-tion for Mr Arafat is: what other political changes will the PLO make to accompany such a move? And in particular: is the organisation prepared to rewrite its basic charter, the Palestinian National Covenant, renouncing the aim of armed struggle for the destruction of

Israel?
Mainstream PLO leaders,
when asked about the covenant, tend to refer to it as a historical curiosity which no longer accurately reflects offi-cial policy. But the fact is that it has not been explicitly repealed or replaced, and thus continues to create an obstacle to American dealings with the PLO and a pretext for Israel to refuse such dealings.

By far the most effective step the organisation could take towards breaking out of its current political impotence would be to rewrite its constitution explicitly offering mutual recognition to Israel and renouncing violence.

Mr Arafat fears, probably correctly, that such a move would split the PLO in two. But Western governments and parliamentarians should tell him that continuing to fudge the basic issue in the all-consuming interests of unity will not resolve his dilemma: nor will appropriate the support of support of support in the support in t will any number of supportive occupied territories as the first noises from around the world. step towards independent Such fundamental reforms can statehood. Such a body would only be made by the PLO itself.

Scotland's giant quango

LIKE WALES and Northern Ireland in their particular ways, Scotland is governed from London according to conventions that are peculiarly its own. This may help to explain why the British Prime Minister, Mrs Margaret Thatcher, has given her blessing to a scheme that, at first blush, has a decidediy un-Thatcherite look about it. It involves the creation of n new agency, called Enterprise Scotland, which would incorporate the Scottish Development Agency, the Highland, and Islands Development Board and also the Scottish services of the Training Commission (for-merly the Manpower Services Commission). The scheme appears to enjoy the guarded support of the Scottish trade unions and the Labour Party. It has, in short, all the marks of a plan to create a large new quango of a kind that would have happily found a home in pre-Thatcher Britain. The fact that Whitehall regards Scotland as "different"

is not, however, a sufficient explanation. There is another. The share of votes won by the Conservative Party in Scotland has declined steadily since 1955. The party is insignificant in Scottish local government. There are only 10 Scottish Tory MP's at Westminster, the lowest number since 1910. The Labour Party has 50. It might be thought that in political terms Scotland is therefore a write-off for Mrs Thatcher; after all the Tories could hardly fall any further. In fact the arithmetic works the other way: the more seats they can win back from Lahour, the harder it will be for the Labour Party, which faces an uphill struggle in England, to win a general election.

Changing culture

Mrs Thatcher's ambition is not, however, merely a matter of retaining political power for the Conservatives. She aims to change the entire British culture, from one that contained a heavy element of dependence upon the state to one that is more self-reliant and enterprising. What was corporatist is intended to become free-mar-ket capitalist. The Prime Minis-all at sea in the region.

ter now makes frequent visits to Scotland to preach this gos-pel. The Secretary of State for Scotland, Mr Malcolm Rifkind, has been unwavering in pursu-ing the same line, which makes the decision about Enterprise Scotland all the more curious.

Until now, the Tory share of the polls has fallen since last year's election. Meanwhile, the traditional financial support has continued to be pumped up from south of the border. For a Government that professes to be profoundly sceptical about regional economic policies, this one has done surprisingly well by Scotland. The establishment of the proposed new agency, Enterprise Scotland, would transfer the Scottisb portion of the training budget from the control of Whitehall to thet of the Scottish Office under Mr Rifkind. This goes some way towards explaining the enthu-siasm in Edinburgh for the scheme, which has been promoted by Mr Bill Hughes, chairman of the Scottish Confederation of British Industry.

Fundamental questions As Mr Hughes has explained it, the administration of Scot-tish Enterprise, particularly in its training functions, would be devolved to local agencies in which businessmen would play

a large part. Much will depend on the details. on the details.

There are other, more fundamental, questions. The Scottish Development Agency has the reputation of being lean, tightly managed, and strongly entrepreneurial in spirit. It has distanced itself from the Scot.

distanced itself from the Scot-tish Office. The Training Commission has a quite different character - thet of a group of civil servents. A merger of the two might be beneficial if the latter were to adopt the business culture of the former, but if matters evolved the other way around much damage would have been done to Scottish economic development. The devolution of training and economic development decisions to Scottish organisations may be correct, but it should not be done without proper preparation — especially by a Government that is politically Il of a sudden, big steel makers in mature industrialised countries have discovered

countries have discovered that the business of churning out a vital hut basic commodity is not too bad an occupation after all.

After years of varying degrees of misery, watching rapacious producers in developing nations eat into their share of the steel market, most suppliers in the US, Western Europe and Japan now enjoy strong demand. With large scale cost cuts behind them, firmer prices and liberal doses of protectionism, most are making money. Some are making it hand over fist.

After racking up losses of \$3.6m in 1986-87, the five big Japanese integrated steel makers have rushed back into profit at dramatic speed. The big American steel companies, collectively known as Big Steel, have only to fire up a blast furnace these days to squirt another dollop of black ink on to the balance sheet. The US industry protected up a collective profit of \$550m. notched up a collective profit of \$560m in the first three months of this year alone. USX, America's biggest steel-

alone. USX, America's biggest steelmaker and once a typical example of
the rustbelt, has just re-opened its
long dormant exporting division.

The fragmented European industry
is in differing states of health with
some producers slipping back into the
red in 1987. But demand has jumped
15 per cent this year for European
steel, and most companies are now
making money. British Steel, the
most seriously crippled European
company six years ago, will probably
make \$500m this year.

But one thing everyone knows in
this industry is that all this cannot
last. Forecasting what will happen
next in steel has always been a murky
business. But as a pivotal supplier to

business. But as a pivotal supplier to the world's construction and engineering industries, steel is a cyclical industry in which good times never roll for ever.

roll for ever.

Roller-coaster supply and demand in steel is a manufacturer's night-mare. Crude steel production in the western world reached 520m tonnes in 1979, then plunged to 360m in 1983 before climbing back in fits and starts to about 480m this year. Every analyst's long term report on the industry is littered with suppositions, probable scenarioe and wild card possibilities.

The story of steel might be its

The story of steel might be its return from the grave. But something more deep rooted and fundamental than the vagaries of the market is also happening. In Europe, the US and Japan, which still account for almost half of the world's output of 730m tonnes, a series of structural realignments are underway within and between the big steel makers. This promises to change the face of the industry.

The shape of these changes is different in each of the three producing areas. But there are a number of com-

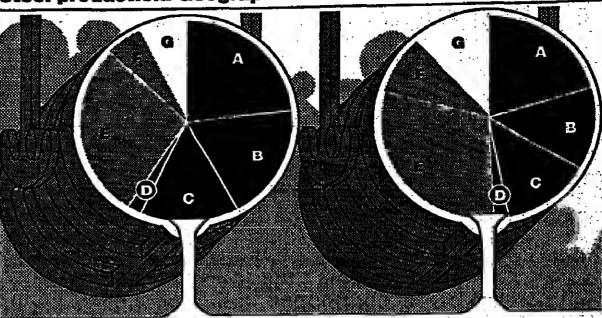
mon themes, including more alliances between producers and more diversifi-cation away from steel, One result so cation away from steel. One result so far is the steady decline of the large, non-diversified steel maker. A principal question for the industry is whether these changes will continue and even accelerate under the pressure of the next couple of cyclical downturns in steel demand, whenever they come

Three issues stand out: What are the prospects for the wide-ranging diversification programme now under way among Japa-nese steel companies? Is the resurgence of Big Steel in founder on its shocking recent record

of capital investment? In Europe, will recent deals between steel companies in the same country and the very tentative emer-gence of cross-border alliances even-tually lead to major cross-border

First, the five Japanese integrated steel makers. They have dug them-selves out of the crisis they faced in 1986 with remarkable speed. Actions included plans — still only partly car-

Steel production: Geographical distribution



1979	
INDUSTRIALISED COUNTRIES	59.3%
A Western Europe	23.3%
B North America	18.7%
C Japan	15.0%
D South Africa, Oceania	23%
CENTRALLY PLANNED ECONOMIES	33.4%
E USSR & Eastern Europe	28.1%
F China and North Korea	5.3%
DEVELOPING COUNTRIES	7.3%

868			200000040000000000
	1987		
-	MINDUSTRIALISED COUNTRI	ES	48.9%
	A Western Europe	-	20.5%
	B North America		13.0%
	C Japan		13.3%
	D South Africa, Oceania	<u> </u>	2.1%
	CENTRALLY PLANNED ECO	NOMIES	39.3%
	E USSR & Eastern Europe		30.4%
	F China and North Korea		8.9%
	CINEVEL ODING COLINTRIES		11:8%

Forging a future from recovery

Nick Garnett finds that the world's steel producers are making money again after years of misery

ried out – to cut production capacity by a fifth to 70m tonnes by 1990 and to reduce the workforce by a third to 125,000. The Japanese drive towards higher value added steel products has helped, as hava firmer prices and surging domestic demand from con-struction and engineering.

struction and engineering.

But just as striking has been the move towards diversification. Kobe already claims that less than half of its sales are from iron and eteel. Already the world's largest supplier of electrodes, it is now moving into transputers, computer graphics and laser scanners. Nippon Steel says that within six years steel will account for

Some steel companies are making money hand over fist

no more than a half of sales compared with 80 per cent now. It wants elec-tronics, information and communication systems to make up 20 per cent of its husiness by 1995. It now imports silicon wafers from the US, has joint electronics ventures with Hitachi and IBM Japan and is moving into computer work stations. Nippon Kokan set up hiotechnology and electronics divisions last year. By the end of the next decade Kawasaki Steel wants 40 per cent of its expected Y2 trillion sales to come from new businesses.

This is a remarkable development, This is a remarkable development, but the steel companies, with the possible exception of Kobe, have yet to show they know what they are doing with this programme. Some North American producers say it could all backfire. Many Japanese steel makers are also sliding into property development, leisure and retailing. One calculation is that not even the most efficient Japanese steel plant could make cient Japanese steel plant could make the same profit return as selling for redevelopment the land on which it is built and cashing in the proceeds.

Along with this has gone a clutch of cross-border deals with the US. National Steel is a three year old joint venture between National Intergroup of the US and Nippon Kokan. Nippon Steel has a 40 per cent share of a \$400m cold rolling complex being built by Inland. Nisshin, Japan's sixth largest steel maker, has just opened a loint venture coated sheet plant with int venture coated sheet plant with Wheeling-Pittshurgh. Peter Marcus, the steel analyst at US broker PalneWebber says some of these deals have not been too successful. There is no sign yet that the Japanese wish to move further into the US.

Restructuring in the US steel industry has meant savage cuts. Of the 400,000 mainstream steel jobs in 1980, only 150,000 survived. Relative wages of steelworkers have been slashed

from the levels of the late 1970s, when they carned 85 per cent more than the average in US manufacturing. Partly as a result of these moves—and factors like currency—Big Steel has come back with a vengeance.

Yet despite all this, the position of Big Steel is being quietly but remorselessly eroded. The recent investment-record of US steel makers has been desperately poor, even if they are showing belated signs of trying to recify this. Capital investment in the US steel industry has actually fallen from steel industry has actually fallen from \$20n in 1983 to \$1.80n last year. This compares with the 10 EC countries where investment rose from \$2.4bn to

Big Steel's long term future remains in doubt

\$4.1bn in the same period, according to the International Iron and Steel Institute.

the US steel industry has been shift-ing away from Big Steel and towards mini mills and the so-called reconstituted companies born out of bank-ruptcy. The share of US production held by the major mills has dropped from 73 per cent in 1979 to less than 50 per cent. Reconstituted businesses,

including LTV which is still in Chap ter 11 bankruptcy, now have 25 per cent of the market and rapidly expanding mini mills have doubled expanding mini mills have doubled their share to around 20 per cent. Some of the large US steel companies like Bethlehem are still overwhelmingly in steel. Others have diversified at varying speed. At LTV, steel has dropped slowly from two thirds of sales to three fifths since 1960. At USX which owns Marathon Oil, it has turnbled from around three quarters tumbled from around three quarters of sales to a third.

Everyone agrees that Big Steel could ride through the next cyclical downturn, though its overall share of downturn, though its overall share of the US market will fall. Its long tarm future, however, is the subject of disagreement. Many US analysts point to the hig companies' low costs — well helow those in Japan — and to healthy steel profits. European steelmen, on the other hand, point to the advanced age of many hiastfurnaces and the drive towards diversification. "The US is a fading force," says Jonathan Aylen, a British academic specialising in the steel industry.

The picture in Europe is much more fragmented and the performance of steel companies more waried. After shedding 500,000 jobs aince 1979, perhaps another 50,000 jobs are still due for the chop. Company managements are still trying to get their own houses in order. But already observers are wondering whether the ownership structure of the industry—which includes many partly diversified steel engineering groups—will undergo a lasting change.

Up to now, ownership restructuring and partnerships in Europe have largely been within national boundaries. They include the realignments between the public and private sector in the UK, the merger of Sacilor and Usinor in France and the recent decision of Thyssen, Mannesmann and Krupp in Germany to merge some of their steel operations.

Cross border deals have always proved difficult. The last big one—the alliance between Hoesch in Germany and Hoogovens of Holland—ended in recriminations in 1982 after 10 years. But a few have got off the ground, like the production sharing agreement between Arbed of Luxembourg and Cockerill Sambre of Belgium. A few more are beginning to gium. A few more are beginning to happen. Usinor-Sacilor and Cockerill Sambre of Belgium are combining production in one product category, merchant bar, as part of a deal under which the French company takes over Cockerill's electrical steels husiness. Vallourec in France is thought to be discussing with British Steel an alli-ance in tubes, as is Mannesmann with Italy's Finsider.

These deals, however, are relatively small. A report last month by Jona-than Aylen for the UK's Institute for Fiscal Studies questioned whether there would be a rush for cross-border mergers because of nationalistic rival-ries, the role of influence of Govern-ment holdings in many steel indus-tries and hid-blocking devices. "In short, European steel is protected against hostile take-over bids," he

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But some in the European steel industry believe there could be a slow drift towards cross-border co-opera-tion in steel manufacturing and marketing. That would leave a difficult question for British Steel, due to be floated off to the private sector very very few steelmakers around the world that has "stuck to the faith" by both investing in steel and not diver-sifying out of it. Dofasco in Canada. which has just purchased Algoma, another Canadian steel maker, is another example. In the present cli-mate companies like that might bave two choices if they wish to grow to climb on the diversification bandwagon, or try to become even bigger in steel by acquisition and joint ven-

Taking to the fax

■ The UK postal strike has not been a disaster for every-one. Japanese facsimile machine companies, already riding high after an extraordi-nary four-year boom in sales, have seen demand go through the roof over the past few days. "Since the beginning of last

week, we have been totally occupied just answering the telephone and taking orders, said Nigel Hardiman, marketing manager of the telecommunications division at NEC. Cannon, the second largest fax supplier in the UK, is experiencing a similar surge. "We were already generating 100 per cent growth this year," according to Nick Veltssarides, "but the dispute has caused another wint hear." mini-boom."

Hastily revised forecasts suggest that the current surge in sales could add between 20,000 and 40,000 units to the original estimate of around 180,000 for the year. This will mean that the market will have more than doubled in size in the current 12 months from the 97,000 machines sold

Only four years ago, the industry shipped just 10,000 machines. Since then, it has expanded from selling to specialised users such as advertising agencies and printers into the general industrial market. Increasingly, business is coming from small companies. British Telecom officials in the West Midlands said last week that they had been "deluged" with enquiries from small businessmen wanting to know how easy it was to install a machine. In fact it is pretty simple

The machines plug into the standard telephone socket, and since they use the ordinary telephone lines to send and receive their messages, calls are billed like any others. NEC has just started selling a small machine, mainly aimed at small businessmen and people

OBSERVER

working from home, which integrates a telephone within the facsimile unit. This costs about £1.300, so the industry has not yet moved into the general consumer market. But prices are heading in that direction, and the cost of sending messages is not particu-larly high — sending a sheet of A4 paper would cost about the same as a one minute phone call.

The origins go back a long way. Andy Emmerson, a Brit-ish Telecom executive who also chairs the Telecommunications Heritage Group, says that the basic principle of fac-simile transmission was first invented in the 1840s by Alex-ander Bain, a Scotsman who managed to reproduce images over a distance by using an electric current connected to

a printer. Modern telephone-based machines first began to appear in the 1930s, and the Germans used them successfully for sending maps in the Second World War. But early post-war use was still limited - for weather maps, for example

 because of the price.
 The creation of the present market appears to be one instance where the Japanese stumbled upon a world-wide growth industry fortuitously. Fax technology was developed in Japan because of its convenience in sending hand-written messages: Japanese typewrit-ers and word processors are cumbersome affairs because of the complex characters involved. The technology then proved marketable elsewhere, particularly in Britain's deregulated telecommunications

The Japanese tend to regard the fax as a domestic appli-ance. Maybe the same will hap-pen here. According to Emmer-son: "Facsimile is promising to be one of the great technological successes of the 1980s.

market



"I can't find a colour supple ment anywhere — so it must be Monday."

It could eventually figure alongside video cassette recorders and cellular tele-phones."

Indian stunt

■ Vijayput Singhania, the man who set a new London-Delhi microlight aircraft flight record of 23 days when he landed on Saturday, is a 49year-old millionatre industrial ist. He flew a red and white British-built CFM shadow aircraft, weighing less than 150 kg. Brian Milton, the British journalist whose record of 34 days was broken, was there

Singhania is part of the JK organisation, the fourth largest industrial conglomorate in India. He said he undertook the flight to promote the spirit of adventure in the country. He does "not want India to known only as a nation of snake charmers". The principal reason, however, was to pro-mote the Indian Post, the promising English daily the

JK organisation launched in Bombay 18 months ago. It worked. Most of India's Sunday newspapers carried front-page pictures of a beam-ing Singhania standing in front of his aircraft whose name, L'Esprit d'Indian Post, was prominently painted on the fuselage.

Pale greens

■ Brand New Product Development Ltd has published some useful research to accompany the Green Consumer week that opens in Britain today. The thrust of it is that the greenmovement itself may still anta-gonise people a little because it is seen as being too aggres-sive, and sometimes freakish, but a kind of pale green move-ment is developing. It includes these for whom scaledial conthose for whom ecological con-cern is now one of the factors influencing their purchases.
The section of the commu-

nity that is becoming increas-ingly open to the movement is women with older children. The children pick up the environmental information at school and "educate" their mothers, who can be very receptive when it comes to pur-

chasing.
One finding seems remarkably high: 23 per cent of respondents to an opinion poll said that they had taken bot-ties to a bottle bank. More said they would do so if there were more bottle banks available.

Can't win

■ A reader whose wife repeatedly nagged him because he never replaced the cap on the toothpaste after use decided to turn over a new leaf: on three successive mornings he replaced the cap. At breakfast on the third morning his wife said she wanted to ask him a personal question. "Tell me," she said, "why have you stopped brushing your teeth?"
Of course, it was probably

the wife who squeezed the tube from the middle.

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مِلَدًا مِنْ الْصِلِ

The importance lay in the bold dec-laration that the SPD (or part of it) has once again begun focusing its considerable intellectual resources on the formation of a coherent left-of-cen-ine economic and employment policy for a competitive, capitalist, economy. If successful, such a policy could transform the SPD's election chances in 1990, provide a beacon for a Farm. in 1990, provide a beacon for a European left still bereft of appealing new ideas, and restore the "Swedish model" to the honoured position it once enjoyed among social democrats

once enjoyed among social democrats everywhere.

The confusion, on the other hand, was summed up by the ecstatic reception reserved for a key speech from Oskar Lafontaine, the standard bearer of the SPD's new economic flinking, who was then immediately snubbed by the same delegates in votes for the party's senior posts. So the victory of the "new revisionists" is by no means assured.

Under Helmut Schmidt in the 1970s the SPD leadership enjoyed a reputa-tion for economic competence unmatched by any other social demo-cratic party. But in the 10 years since the worldwide loss of faith in Keynsian demand management the party has lost its economic touch. Despite embracing the market economy at Bad Godesberg in 1959, the SPD's image – in opposition after 1962 – became increasingly anti-capitalist and/or anti-growth and/or anti-growth.

what the new revisionists - led by Lafontaine, the Saarland premier, - are now proposing is that capitalists should not just be tolerated, they should be encouraged to amass, and reinvest, higher profits in the interests of job creation. But Lafontaine is not merely advocating a most up-so. not merely advocating a most un-so-cial democratic distribution of national income, he is also groping towards a "post-corporatist" model for social advance and full employment despite borrowing many of his ideas from Sweden, that archetypal

corporate state.

The most politically dangerous (and headline grabbing) part of his speech was a direct attack on trade union privilege and inflexibility. In the jargon of the labour markets he accused the "insiders", the well-paid, well-organised, bureaucrat or skilled worker, of digraggeding the interests of the of disregarding the interests of the "outsiders", the unemployed, the partly employed, and many women workers. Mr Lafontaine also spoke warmly, if rather vaguely, about the advantages of decentralisation, dynamic smaller companies, tha importance of an ecologically sensitive tax system, and the benefit of worker stakes in capital.

But if there is something of "if-you-

can't-beat-the-right, join-it about some of these ideas, the SPD as a whole (not just the new revisionists) is breaking new ground in another way. The conference agreed to a

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OF ECONO

The conference of the West German Social Democratic Party which finished earlier this month was an important, and most confusing, political to revive the left

David Goodhart looks at attempts to reinvigorate the West German SPD

per cent of all party posts and by 1998
40 per cent of all its MPs' seats. It is
also an attempt to capitalise on the
leftward shift in women's voting habits, and pull the rug from under the
irritating but significant Green Party.
Superficially the emphasis on
women, ecology the memphoyed has

women, ecology, the emphasis on women, ecology, the unemployed, has similarities with the Rainbow Cochition of the dispossessed, advocated at different times over the past few years by the radical left in the US and the UK. But the new revisionists also want to reach out to the affinent and influential respectively. ential yuppie voters.

influential yupple voters.

They part company with Rainbow Coalition radicals even more decisively in their unashamedly hardheaded, and largely pro-market, economics, and their belief that the state must play a less direct and obtrusive role in economic management.

According to Professor Eritz Scherner. According to Professor Fritz Scharpf, an economic adviser to Lafontaine, the successful, inflation-restraining, corporatist social democracy of 1970s

The revisionists want capitalists to be encouraged to reinvest higher profits in the interests of job creation

West Germany or Austria is no longer possible or even desirable; and neither is the piling up of large budget deficits. "At a time of high real inter-est rates deficit spending is just a redistribution from taxpayers to bold-ers of capital, and it has proved inca-pable of desiring with many proportion.

ers of capital, and it has proved inca-pable of dealing with mass unemploy-ment," he said.

Equally the traditional trade union goal of increasing the share of wages in national income does nothing for the unemployed. "Wa have to offer capitalists higher profits to tackle unemployment," says Professor Scharpf. And the new revisionists do indeed propose a reduction in corpoindeed propose a reduction in corporate tax, at least on reinvested profits, that goes considerably further than the plans of the present conservative constitution. coalition

Another novelty - at least for a social democratic audience - lies in quota system to raise women's partic-ipation in politics. The system the revisionists' plans to increase the requires that by 1994 women hold 40 number of jobs without increasing

unit labour costs for employers. They advocate three main approaches:

• First, the state should subsidise private employers to hire new workers, at a lower cost to government finances than keeping them on unemployment benefits.

• Second, working time should be reduced but, at least for better paid workers, pay should decline proportionately; it was this idea, floated in the middle of public sector wags negotiations earlier this year, which first won Lafontaine the enmity of the unions. He has now added the thought that in return for pay cuts, or at least moderation, employers and unions should sign binding agreements on the creation of new jobs.

• Finally, more flexible working ments on the creation of new jobs.

Finally, more flexible working time should be introduced in capital intensive industries and in the services sector. In advocating a more efficient use of expensive machinery Lefontaine is speaking up for Germany's big manufacturing exporters anxious about low-wage competition from the first feet. He also present to from the Far East. He also wants to convince them that, under an SPD government after the creation of the European Community's single market in 1992, it will not be necessary to shift their plants to lower cost parts of the RC.

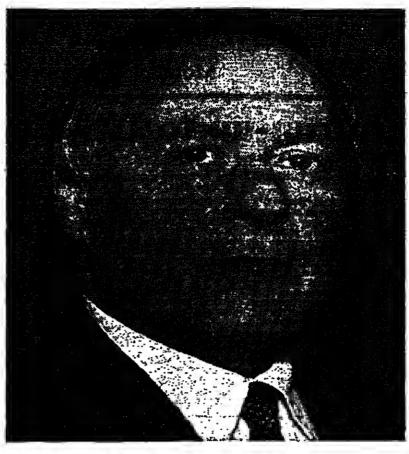
Much of this is music to employers' ears, especially coming from "red" Oakar — until recently a darling of the left and one-time advocate of an SPD alliance with the Greens and withdrawal from Nato. And it has been warmly greeted by leading mem-bers of the liberal Free Democrats, with whom the SPD will have to ally themselves to return to power.

But there is also a social democratic

precedent. Swaden in the 1900s and 1970s was admired for its welfare sys-tem and its consensual industrial relations. But the SPD leaders who have recently been bumping into each other in Stockholm have been examthe model: the low corporate taxes, the flexible use of manpower and machines in the dynamic expering

sector, and relatively low pay and disciplined unions in the public sector.

The Swedish economy is an attractive model to the SPD because it has a similar structure to the German and the Swedes have overcome their structural crises in shipbuilding and



Mr Lafontaine: formerly Red Oakar, darling of the left

steel with virtually no unemployment. But genuflecting before the Swedish model and quoting Brecht and Marx in his speeches will not protect Lafontaine from his many SPD opponents who dislike what they view as his Napoleomic posturing, his trendy pragmatism and his anti-union advocacy of "socialism in one class."

The unions and the traditional Keynsians who stand in Lafontaine's path are not dinosaurs. Franz Stainkühler, leader of I G Metall, and both friend and opponent to Lafontaine, claimed at the conference that Ford had add that the conference that Ford had admitted in negotiations that if it had admitted in negotiations that if it were to win weekend working at its three big European plants the subsequent increase in production would be so huge that without a corresponding surge in demand it would be able to close one of the plants. (Ford denies that it is even seeking weekend working in Germany.) And the economic policy document that the conference actually passed fell for short

ference actually passed fell far short of the full Lafontaine package. Whather Lafontaina prevails depends in part on the support of party leader, Hans-Jochen Vogel, and on the political calculation: can the SPD win without the active support of the unions? The new revisionists argue that union members — except perhaps in parts of the public sector — would endorse much of their package, and that activists and leaders will still work to get the vote out

diring an election because the SPD will remain their best option.

The former view seems borne out by the growing trend for works councils at plant level to accept tempting packages of shorter hours in return for more flexibility, against the orders of union head office. Also, as ona senior I G Metall official admitted, most union leaders recognise that Lafontaine does possess political cha-risma and remains the most likely figure to lead the SPD out of the wil-derness. The unions thus have the delicate task of trying to undermine some of his ideas without wounding him too much. Even Lafontaine's supporters often

find him brusque and unpredictable but he none the less articulates the yearning for a new cocktail of ideas – beyond traditional left and right – felt by a large group in the party. His attempt to re-establish the social market idea of market dynamism comthen with social responsibility, and than mix in the feminist and ecologi-cal ideas of the 1968 generation has certainly caught the imagination. Soma of Lafontaine's appeal and radicalism evaporates ontside Ger-

many where, for example, Sunday working and environmental protec-tion are not such emotive issues, But his attempt to revive the SPD could have reverberations throughout a European left still groping for a new intellectual framework.

LOMBARD

A non-believer begins to cheer

By Samuel Brittan

A BOOK HAS been published which should do more good to the reputation of the Govern-the reputation of the Govern-the revents flowed. ment's economic policy than any number of eulogies from true beliavers. For Professor Geoffrey Maynard is a main-stream practitioner who has few of the enthusiasms of the

In The Economy Under Mrs
Thatcher, just published in
paperback by Basil Blackwell,
he explains in some detail why monetarists did not provide much guidance in the period and only after the event did they indicate the unreliability of Sterling M3." He is also pretty cool about the current favourite, M0. He believes, too, that because of the deleterious favourite, MO. He believes, too, that because of the deleterious effects on the exchange rate of relying solely on interest rates budgetary policy must also be used to manage demand.

He criticises the Government for not paying more attention to the social consequences of unemployment; and for its

unemployment; and for its delay in introducing both spe-cific targeted massures and mora fundamental measures on education and training. Yet, despite these and many other criticisms, Maynard states that "the economy is

now better positioned for sustained growth than has been the case for many years past." But first he disposes of the view that unemployment was high because the Thatcher Government refused to boost demand in its early years. He attributes the unemployment rise of both the 1970s and the 1930s to upward pressure on real wages. His chapter on employment policy is probably his best,

The contribution of excessive real wages is obvious from the figures for the 1970s. In the 1980s, when profit margins have been restored, the argument is a more subtle one about the attempt to obtain excessive real wages, which leads instead to fewer jobs and higher prices at any given level of demand.

In the Thatcher Government's own contribution to economic regeneration, "the exchange rate has been cenexchange rate has been ten-tral," according to Maynard, an explanation which may not be music to the ears of some of Mrs Thatcher's advisers. The key to most of what happened was the upward pressure on

other events flowed.

The exchange rate squeeze was doubly unintended. It arose out of monetary policy mistakes, which transformed an intended gradnal disinflation into a sharp shock. Moreover, the unforeseen result was a highly successful, if accidental, industrial strategy.

"By refusing to accommodate rising costs and poor productivity with exchange rate depreciation. macro-policy

depreciation, macro-policy imposed pressure on industry to raise productivity, lower costs, and generally move its products up market. Many firms whose managements were often vociferous in their criticism of government exchange rate policy subsequently achieved productivity improvements and product upgrading" to an almost revo-

But unlike many of the ret-rospective defeoders of the 1979-80 exchange rate squeeze, Professor Maynard believes the Government was right to allow sterling to fall back afterwards and to allow a further fall when the oil price plunged in 1985. Maynard sees the point of Nigel Lawson's informal shad-owing of the EMS and also his drive (uncourageously dropped under pressure from the Prime Minister) for a more stable exchange rate system at last year's IMF. On the other hand, he does not share the Chancel lor's enthusiasm for cuts in the average rate of income tax, Maynard has suffered for his iconoclasm: first, under the Douglas Wass regime in the Freasury in the 1970s, and later for telling our present rulers that monetary policy could not reduce inflation without heavy initial unemployment.

To get the most out of this study, the reader will have to come with his own questions, rather than expect the issues to be painted in primary col-ours. The publisher could have made the work easier to follow if he had introduced an analyt-ical table of contents, a list of tables and charts, and given the date of going to press. He could also have done more to publicise it. But even a British publisher cannot prevent the book from being the best nonrarefied guide to Thatcherite economic policy on the market

Six recommendations for the debt problem

by a panel we chaired on developing country deht, which appeared on the front page of the Financial Times on Septhe Financial Times on Sep-tember 8. The Third World Deht Panel of the Economic Policy Council of UNA-USA made six recommendations for addressing the debt problem, none of which called for "partial debt forgiveness, as reported in your article. Debt forgiveness has an important and precise meaning in banking: the unflateral cancellation

debt forgiveness.

The report of the panel of 29 participants, representing many points of view on the debt situation, attempted to identify broad thrusts that

(3) Creditor banks and govern-

from all sources, when actions by debtor countries are not suf-ficient to bridge that gap. (4) The US Congress to approve the US contribution to the World Bank's General Capital Increase and for more

S.G. Warburg (USA),

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The currency of each city is described together with the name, extress and telephone number of the country's Control Bank.

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shors and banks. Mattern Livines Who are they and whose they by to-a and lesephone numbers, together with half details of the city's airport.

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From Mr Anthony Solomon and Mr Rodney Wagner
Sir, Wa object strongly to the report of conclusions reached

Cally rejected recommending the strong of the panel of 29 on flows and financial inflows and financial inflows from all sources, when actions of a claim by a creditor. In fact

would preserve stable banking systems and allow debtor countries to resume growth and economic development benefit-ing all their people. It calls for: (1) Governments of the major financial centres to exert strong leadership among key participants and to support flexibility and the search for innovative solutions.
(2) Structural reforms in the

imaginative use of co-financing and parallel financing tech-

niques by the World Bank and regional development banks
(5) Voluntary debt-service-reduction techniques — including debt exchanges,
debt-equity conversions, and
exit bonds — to be pursued as a serious alternative and complement to more lending with

official encouragement and support when appropriate
(6) Recognition that if debt service reduction is carried out co-operatively and voluntarily through negotiation and mutual agreement by the principal parties, it would have the desired effect not only of reducing outstanding claims against the country but of aiding economic recovery and bringing about "creditworthi-

Anthony M. Solomon, Chair-

Rodney S. Wagner, Vice Chairman, Credit Policy Committee, Morgan Guaranty

that the CT2 network should

be allowed to proceed immediately - and not await any

common air interface standard

- I wholly disagree with his

be allowed to do this alone.

sertion that Ferranti should

Shaye Communications, in

Ferranti was very enterprising, but was not alone While I would entirely agree Despite this similarity, I with Sir Derek in his assertion

From Mr Bill Jeffrey. Sir, Shaye Communications, backed by a group of enterpris-ing industrialists (including Timex Corporation, Nokia-Mo-bira and Fred Olsen), might bave cause for sympathy with Sir Derek Alun-Jones of Fer-ranti whan ha suggests (Letters, September 5) that the commercial world is about to be unfair to his company. Certainly Ferranti was very enterprising in starting its

development work on second generation cordless telephones (CT2) so early — but it was not alone. Shaye, also a CT2 pio-neer, has continued to develop its technology, and is similarly in a position of being able to supply products to the market-

regular deputations of econo-mists, civil servants, university

detect from Sir Derek's letter an important difference between the views of the two Shaye believes in fair and

free competition between the many manufacturers of CT2 telephones and operators of networks that will undoubtedly be attracted to what is, potentially, a very large mar-ket opportunity.

No company ehould be offered an early licence to oper-ate a service simply because it moved earlier into the CT2 development phase. Shaye has concentrated on developing the best telephone and base station available to date. In addition to spending three years develop-ing the CT2 specification with

our colleagues in UK industry, we have also spent the last six months leading the development of the new common air interface standard for the UK CT2 industry.

on detailing their experience,

Wa are collaborating with a number of different prospective network operators. By pro-viding a superior technology to those with the experience or expertise to offer a viable tele-communications infrastruc-ture, Shaye will help to ensure that the proposals to the Department of Trade and Industry, from potential CT2 network operators, concentrate

partnership with its prospec-tive operators, is in a position to launch products and service at the same time as Ferranti. The consumer alone should quality of service and size of network that the operator proposes to provide to the general public.

decide which product and ser-vice he or she would prefer to Bill Jeffrey,

Shaye Communications, Capital House, 49-52 Andover Road,

Pity to make a pig's ear out of a silk purse

From Mr Andrew Cooper. Sir, I have just returned from a one-week biennial con-ference of more than 2000 leadgrated power systems, and they want to know how our ing electrical engineers from 79 nons "power pools" work. Having been a member of They return even more con-fused than when they came, fused than when they came, because they have to be told that we regularly send deputa-tions to the UK to study the finest electricity supply system in the world.

Having been a member of this organisation for more than 40 years, and its world president for the maximum term of six years, many people talked to me. What seemed to dominate everyone's thinking was the privatisation of the UK electrical supply industry. in the world." in the world."

What genius thought of disassociating the grid system
from the power stations which
feed it? They are designed to
work as an integrated whole,
not as one isolated bureaucracy tacked on top of another.
I learn, too, that the transmisdescription exists in part to be owned Their views can be encapsulated in a single phrase: "You must be mad".

The chief of one of the bigt US electric utilities said to me: "I can't understand what it sion system is not to be owned is you are trying to do unless it by the people who understand it and who will have to run it, to make electricity dearer. We receive from your country but by a mixed bag of some 12 new competing distribution

professors, politicisms and the boards which have never oper-like who haven't the slightest ated at voltages higher than working knowledge of inte-

132kv. Their involvement with the ownership of the grid system could and should be eliminated by a stroke of the pen. They will have enough to do in arranging to import their quota of nuclear units while keeping their selling prices no higher than is stipulated by an omnip-otent regulator.

They can, of course, buy cheap power where it is available, and even generate their own. They are also free to develop combined heat and power schemes. In addition to these forays, Mr Max Wilkinson, your energy correspondent, has already indicated (August 30) what additional chaos awaits the unwary pur-

I think the root trouble is

that the UK Government minister responsible has been advised by consulting engineers who build power stations and lines and then walk away from the problems of operating them. (Some of the operators were allowed to speak, but it notice of what thay had to

There was a time when I thought that Mrs Thatcher might go down to history as the finest Prime Minister we ever had. With the break up of a magnificent electricity supply system, and the incompre-hensible problems which have been left for the engineers to solve, she is more likely to be remembered for making a pig'a ear out of a silk purse. Andrew R. Cooper, 42 Hove Purk Road,

THE FINANCIAL TIMES PROUDLY PRESENTS.. THE CALENDAR OF THE YEAR Since our first diarry was hunched in 1973, the FT has acquired an unrivalled information within the international business comments for designing high quality products How, for the first time, we have applied this same philosophy to the creation of a mail NEW YORK SSCOCKE FEEE To the first -100 ----M. Landan --X7 City sights that even a busy executive shoulder? -Macagain and venues for poers, theatre and art 700 The British Feshesty, Chamber of Commerce and THE . BINANCIAL TIMES . CALENDAN Seed to the FT Coffection, 7th Floor, 50-64 Broadway, London SWith ODB. ORDER FORM applicable. [] Please sent me the FT Collection Catalogue and Order Form. [] I with to place a fled below. [] Please reserve the number of catendars shown below. I understand this places me on to buy, I understand that if I am not totally satisfied with my parchase(s) I way nature it within 14 of worldwide linencial news and information, is an under no obligation to how. I made days for a full "no questions asked" robust (locinding postage and packaging). PELEGIL PELEGIE A POTAL OF 1-24 FIENS (Jac. PAP and VAI) ISE ONLY | NECOLA | N 67328 2150 Wall (sheet) "The alternal prices articule pastage, positing and YAT. We will exist take must obtained any of despetiting p mit add fiels charge (plat YAT where applicable) to your levelor. Our payment terms are not countryly, Four own company information on Calendars
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Janet Bush on Wall Street

SEC's not so open and shut case

ONE SENSED that the Drexel Burnham Lambert was drawing to a close during the recent Democratic convention in Atlanta.

During each interminable commercial hreak, there were advertisements showing clus-

ters of smiling people outside their new bomes and new businesses courtesy of financing from Drexel Burnham Lam-

bert. The filing of an 184-page doc-ument by the SEC last week, detailing charges of every securities law violation in the book, provided the only source of interest in an otherwise extraordinarily dull week on Wall Street.

Financial markets' reaction

to news of the SEC charges and subsequent strong indica-tions that criminal charges would be filed at the end of this week was muted, to say

On Thursday, some stocks involved in takeover hids looked jittery but recovered their poise with the broader market by last Friday.

Polaroid was a case in point. Under siege from Mr Roy Dis-ney's takeover vehicle Shamrock Partners, partially financed by Drexel Burnham Lambert, the instant photo-graph company dropped as low as \$39%.

However, on Friday, Shamrock announced it would pay as much as \$44 for Polaroid's common stock if the company agreed to dishand its recent anti-takeover measures and to

a friendly merger.

Drexel was pretty well obliged to mention the fact in Shamrock's filing with the Securities and Exchange Com-mission that the SEC charges and a grand jury invstigation could have a damaging effect on its husiness

on its husiness.

Nevertheless, with a touch of its usual chutzpah, Drexel reiterated that it was "highly confident" that it, along with Werthelm Schroder, could find around \$1.5hn in financing.

One reason for the total lack of reaction in the total band.

of reaction in the junk bond market to the SEC charges is, of course, that the charges have been expected for a long time. Second, Drexel's monopoly on new junk bond issues has long been broken. Third, and perhaps most tantalising, there was a distinct suspicion around New York late last week that the SEC's case might not be watertight.

might not be watertight.
Fuelling a feeling that
Milken's ship may not go down
was the lack of any concrete
statement of intent from Mr
Rudolph Giuliani, US attorney
in charge of the investigation
against Drexei.
There were many hints that
criminal charges were on the
way and assured press reports
that target letters had been
sent to Mr Milken and the

sent to Mr Milken and the other individuals named in the SEC document, notifying them that criminal charges would be hrought. But after a lengthy investiga-

tion, it does not look too good that the Grand Jury is still receiving depositions. Nor do the repeated statements in the SEC tome that many docu-ments which would back up its allegations have been destroyed.

The SEC's top officials were clearly on the defensive last Friday when they appeared before the House Telecommunications and Finance sub-

committee.

Mr David Ruder SEC chairman looked rather lame as he asked for more funding for the SEC while Mr Gary Lynch, director of enforcement, came under the from concerned Congressmen, worried that the SEC's case rests largely on the testimony of Mr Ivan Boesky, the jailed arbitrageur already proven to be a less than reliable character.

The focus of insider trading scandals bad shifted recently to Tokyo where the practice appears to be as ingrained as in the US, but the stars of America's insider trading parade were back in the lime-

light this week.

Mr Dennis Levine, former member of Drexel's mergers and acquisitions departmen and beginning of the circle through Ivan Boesky back to his own company, was released from his two year jail sentence after 18 months for good behaviour.

Taking over the baton was
Mr Stephen Wang, formerly an
analyst at Morgan Stanley,
who last Wednesday pleaded
guilty to criminal insider trading charges.

ing charges.

If US judges continue to keep insider trading jail sentences reasonably short, the swift turnover should ensure that Wall Street's misdemeanours do not add to the nation's already chronic problem of prison overcrowding.

G7 meets in run-up to US election

By Philip Stephens, Economics Correspondent, in London

SENIOR officials from the national Monetary Fund and Group of Seven industrial World Bank. Group of Seven industrial nations will meet in Paris on Thursday as governments step up their efforts to preserve calm on financial markets in the run-up to November's US presidential election.

presidential election.

The private consultations among officials from the US, Japan, West Germany, France, Britain, Italy and Canada will lay the groundwork for a planned meeting of G7 finance ministers and central bankers in Berlin on September 24. They will follow more formal

talks on Wednesday between officials of the larger G10 grouping, which in turn will mark the start of high-level preparations for this month's Berlin gatherings of the Inter-

G7 officials said Thursday's talks would focus on an ass ment of this year's sharp ment of this year's snarp upturn in the pace of economic activity and on progress in reducing international trade imbalances. The IMF's latest forecasts suggest that growth in the seven economies may reach nearly 4 per cent in 1988, but it far less optimistic about the outlook for continuing reductions in the US trade defireductions in the US trade defi-cit and in the surpluses in Japan and West Germany. .

The officials will also review recent developments in the for-eign exchange markets and assess the likely impact on a worsening inflation outlook of this summer's round of interest rate rises.

Recent transatiantic friction Recent transatiantic friction over interest and exchange rates has subsided in the wake of the dollar's fall from its highs last mouth against the D-Mark. Assurances offered by the US Administration that it was not operating a deliberate policy of seeking to push up the dollar's value, have also contributed to a more cooperative atmosphere.

Assuming that his appointment receives Congressional approval later this week, Mr Nicholas Brady, the newly appointed US Treasury Secretary, will represent the US at the Berlin talks. He has already pencilled in bilateral

meetings with other ministers. European officials said their governments would stress to Mr Brady their view that if Mr George Bush wins the November elections he must move quickly to announce a pro-gramme of significant reduc-tions in the US budget deficit.

The officials acknowledged concern that tension over the past few months between France and West Germany over the Bundesbank's interest rate policy could mar the atmo-sphere of cooperative calm. Mr Michel Rocard, France's

Prime Minister, said last week that "self-centred" interest rate policies were hampering policy coordination within the G7.

Reconomic notebook, Page 21

Iran opens its doors for business

FT Correspondents report on Tehran's first postwar trade fair

N TERMS far from the revolutionary Government's erstwhile rhetoric, President Ali Khamenel of Iran says, "in reconstruction of the country we must make use of the knowledge, expertise and resources of the foreigner." Tomorrow, hundreds of busi-nessmen from around the

world will have an opportunity to test the Iranians' new-found enthusiasm for foreign compa-nies with the opening of the Tehran International Trade Fair. The exhibition is the first since the ceasefire in the Gulf war, and as such should offer a fascinating snapshot of the possible husiness to be won in rebuilding Iran's badly damaged infrastructure. Iran has, of course, contin-ued to provide quite a lucrative market for numerous Western

exporters throughout the eight-year war with Iraq. But many contractors and other suppliers have found the going increasingly tough in the past couple of years. Conversely, the ending of hostilities has provoked a

surge of interest among foreign companies, with air seats to West Germany, for example, which has been consistently the top exporter to Iran in

recent years, with about a quarter of the market, is sending more than 60 companies to the fair, compared with less than 50 last year, and would have sent more if they could have been accommodated.

Perhaps the most remarkable turnaround is the case of

Britain. A year ago, following the sharp deterioration of dip-lomatic relations with Iran in the summer, British business was conspicuous by its absence. This year, Tehran sent Britain's Department of Trade and Industry an invita-tion to the fair only 48 hours after the Iranian Government sued for peace in July As a result, 64 British com-

panies will have stands at the fair, including British Petro-leum and such big names from the power generation industry as Hawker-Siddeley and GEC. A further 120 have had to be

turned away.
Other countries are being more cautious. Japan's Exter-



Khamenel: "We must make use of foreign expertise."

nal Trade Organisation (Jetro) has managed to round up only eight Japanese companies in-cluding Komatsu, the construction equipment group, Bridgestone, the tyre producer, and Ricob, the copying machine manufacturer.

The response from French industry has been distinctly unenthusiastic, much to the embarrassment of the Government. Only about 20 big French groups will be present to mark France's return to the Tehran fair after a nine-year absence.

reflects a thems common among companies of other nationalities. Most businessmen, even from those countries heavily represented at the fair, are going out of curiosity rather than in expectation of an instant bonanza. Given Iran's current acute shortage

of foreign exchange, everyone recognises that reconstruction is going to be a long haul.

What is more, nobody has any precise idea what the Government's post-war priorities will be, or how it plans to handle any influx of foreign com-

The recent evidence of a high-level split over economic policy, and in particular over the respective roles of the public and private sectors, has made some foreign business-men pause. There is also considerable uncertainty about whether Iran, with its ostensi-ble Islamic objections to bank interest, will be inclined to borrow funds abroad to finance projects, and whether such

money would be forthcoming. "For old fran hands to go out and renew their contacts might be worthwhile. But, in general, my advice is: hang back a bit," says Mr Dennis Cumming, director of Britain's Committee for Middle East Trade.

"The Iranian market will not open up rapidly. There just isn't the cash and the financial infrastructure for big contracts to be signed yet," agrees a Lon-don-based banker.

Companies with good reason to be optimistic include those in the plant engineering and power supply business, since Iranian leaders have already indicated that rehabilitating the oil industry and improving electricity generation are top

tion of damaged oil refineries. So which countries stand to do best in the competition which is bound to ensue? The short answer is those which have maintained a significant presence in the market during

the war.
The Italians, for example, equal third with Britain amon equal third with Arriain among exporters to Iran, like to think that among west European nations they have an inside track when it comes to winning big contracts. Their Government has gone out of its way to cultivate Tehran, and Mr Renato Ruggiero, the foreign trade minister, was last eign trade minister, was last

eign trade minister, was last month the first European official to go there after Iran accepted the ceasefire.

In Milan, Mr Gianni dell'Orto, president of Saipem, the state-owned oil pipeline company, crowed: "We are one of the few companies in Europe that has worked non-stop with Iran throughout the war."

West Germany also expects its consistently strong trading links with Iran to pay dividends. More than 80 German companies kept offices in Tehran through the war.

The Japanese may not be too

The Japanese may not be too concerned about their low pro-file at the fair because they have consistently ranked as second exporter to Iran and they buy significant quantities

of Iranian crude.

The British admit they have not been good at winning projects in Iran, but point to their continuing presence as a supplier of spares and other equip-

In that sense, the French in that sense, the French may prefer to concentrate on their ally Iraq, which is holding its own trade fair in November. As for the US, the "Great Satan" of Iranian demonology, it will probably have to wait a while before it reappears openly in Iran, atthough US business, in the form of Bechtel, the engineering glant, has operated there via a British subsidiary for

Contributions from: Andrew Gowers in London Alan Friedman in Milan David Goodhart in Bonn Paul Betts in Paris Ian Rodger in Tokyo

Running scared of cheaper oil

The behaviour of the oil market last week demonstrates its present dilemma. The sheer quantity of oil being produced suggests a price this low or lower, but the market does not dare risk it. Trailers have not forgotten how much money they lost in 1986 when the price jumped by nearly 50 per cent in a day, and are search-ing – under the most unprom-ising conditions – for reasons

The excuse for the rally on Thursday from a two-year low of barely \$13 was the thinnest of barely \$13 was the thinnest rumour of a special Opec pric-ing committee meeting to be held soon. But the real reason is that the market simply does not believe in low oil prices. While it is doubtless true that Opec will not tolerate oil prices at \$13.50 for long, there is no guarantee that things will not get worse before they get bet-

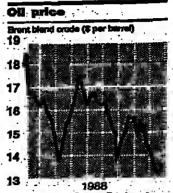
Given such a grim outlook, share prices in the oil sector are faring remarkably well. Oil prices in sterling are as low as in the middle of 1966, yet the oil sector is 40 per cent higher relative to the market than it was then. Both investors and the companies themselves appear to have taken note of what happened last time. The industry is leaner and less geared, so that even at a sterling mice of under 28 a barrel most companies can survive most companies can survive for a while. Meanwhile, investors are not going to be tricked into selling now, only to miss out on another sharp rally.

Gold Fields

There is no easy explanation for the recent sharp rise in the share price of Consolidated Gold Fields. Its annual results tomorrow, which are expected to show that it earned around to show that it earned around fil per share last year com-bined with a modest dividend increase, are almost certainly not the reason. On the assumption that its profits dip next year, the shares are currently trading at a substantial premium to the market and given the uninspiring outlook for the gold price they do not deserve

such a rating.

However, the hig attraction of Consolidated Gold Fields has always been its underlying asset value rather than its current earnings stream. The ARC aggregates operations are worth upwards of £1.5bn, and the US gold mining interests are probably worth at least as much again, so it is easy to argue that at its current market capitalisation of around £2.2bn Consolidated Gold Fields is cheap Of course, real-time them. ising these values is another



matter. The group is classed as a dealing company so there are serious tax consequences which might deter either a predator, or even Gold Fields itself, if it wanted to self ARC. That said, there are several reasons, ranging from worries about the impact of any US political sanctions on the group's overations to the mea-

group's operations to the presence of an increasingly active major shareholder, which suggest that Gold Fields is in a state of some flux. In addition, shareholders are bound to become increasingly restive over the longer term when they see the stock market value Newmont Gold \$1.4bn more highly than its parent — Gold-Field's 49 per cent owned US affiliate, Newmont Mining. Last week's reorgani-sation at Newmont should help sation at Newmont should help narrow the discount, but unless Gold Fields takes further steps to ensure that its own underlying asset value is better reflected in its share price, sooner or later someone else will come along and have

IDBs .

In the crossfire which has recently broken out between London's equity market makers, the inter-dealer broker (IDB) looks like becoming an endangered species. Since the crash, these useful little institutions have come into their tutions have channel through own as a channel through which mariest makers can do business with each other while preserving their anonymity. Lately, however, some market makers have shown reluctance to deal with anyone but their clients, and the simultaneous fall in volume and reduction in spreads leave the IDBs little

room for manocuvre.
Granted, even the biggest market maker can scarcely do without his rivals all the time.
Unlike the old jobber, the modern investment house is in the

business of giving advice. If it puts out a sell story on ICI, it has to take the shares of those has to take the shares of those clients it has managed to persuade; but it can scarcely sell on to its other clients, since it is a professed bear of the stock. It must instead sell to a more bullish competitor, and if it wants to do so anonymously it must use an IDB.

Nevertheless, all this points to a central flaw in the dual capacity system: the risk that when times get hard, brokers will turn their backs on the central market rather than

central market rather than deal with each other. The IDBs oeal with each other. The IDBs are not central to that issue, but they lubricate the system by providing anonymity when it is wanted. It is not surprising that the Stock Exchange is presently concerned about the presently concerned about the health of the IDBs; if they were squeezed out of business, it would have to provide some kind of alternative of its own.

Irish Distillers

· If the intention of the EC in interfering in the firsh Distillers bid was to get involved in the broad issue of UK marger policy, it seems to have backfired. Instead of using its intial ruling as a platform for grander matters, it has become embroiled in the conduct of the bid trealf comething better left. bid itself, something better left to the Takeover Panel.

That ruling said that the consortium nature of the bid

was anti-competitive, as it pre-vented a healthy auction developing among the three bidding parties. But by implication the parties. But by implication the ruling also appears to apply to Pernod Ricard's shut-out bid, as Grand Met complained last week. If the Commission decides to uphold the complaint, it would seem to be opening its doors to any party which felt aggreeved as a result of a shut-out deal — which are all anti-competitive in the all anti-competitive in the sense that they preclude rival higher offers. That would be a terrible

That would be a terrible headache for the Commission, as the Takeover Panel could testify. Until 1976 special permission from the Panel was required for any such deal, but the difficulty of arbitrating between squabbling bidders proved so great that the rules had to be changed. Moreover, the Panel argued a not nurse. the Panel argued - not unre sonably - that the owner of a large stake should be able to dispose of it as they wish, and if that involves giving irrevoca-ble undertakings to sell, then so be it. Meanwhile, small investors in companies with controlling shareholders have to accept that they are not going to be decisive in the out-come of a bid in any case.

Burma promises free elections

By Roger Matthews in Bangkok

yesterday howed to popular pressure and agreed to hold free multi-party elections within six to 12 weeks. Presi-dent Maung Maung immediately said severe action would be taken against those who

resorted to violence.
The decision came one day after the Burma Socialist Programme Party which has ruled for 26 years, agreed to end its one-party monopoly. President Maung Maung told delegates to a special congress that their decision demonstrated a desire to put the well-being of the people ahead of their own interests.

But his view does not seem to be shared by leaders of the hundreds of thousands of demonstrators who in the past month have made the country almost ungovernable. Their

THE BURMESE Parliament distrust of the ruling party is

profound. While welcoming the decision to hold free elections, opposition leaders continue to insist that voting should be conducted under a provisional government.

In Rangoon yesterday, dem-onstrators, including police officers and army deserters, again called on the Government to resign.

Some diplomats in Rangoon believe the Government's concession may again be too little, too late and fear further violence if President Maung

Maung orders the military to repress demonstrations. The president, who has been in office for little more than three weeks and is believed to be taking orders from General Ne Win, former president, also attacked the announcement on

WORLD WEATHER

Friday hy U Nn, the last elected prime minister, that he had formed a provisional gov-

President Maung Maung described the announcement as dangerous but did not elabo-

Some opposition leaders also saw U Nu's move as premature but agreed that if a provisional government was to be formed, the former prime minister would be one of the best candidates to see the dates to see the country through until it had a demo-

cratically elected Parliament.
Aung San Sun Kyi, the politically influential daughter of Aung San, a heroic figure in Burmess history who was assassinated in 1947, injected a assassinated in 1997, my dose of realism into the debate by asserting that it could take up to two years to form parties to contest a general election.

Meanwhile, she said she favoured an interim govern-ment which would immedi-atsly tackle the country's grievous economic problems and make proper preparations for voting

and make proper preparations for voting.
However, the ruling party has not yet similated to itself that it has totally lost political control, a feeling reinforced by the continued passive loyalty of the army. The mood at Saturday's special congress was one of reloctant concession rather than defeat.

President Manna Manna told

President Manng Manng told the delegates not to despair because of the current disturbances. The essence of the party's problems was that it had been born to power. "When one has power one wallows in it, and when one has not power one thirsts for it." Nu, still willing to lead, Page 4

Dukakis on the offensive

Continued from Page 1

results, some of which are showing that the socalled "gen-der gap" against Mr Busb has also closed. In July Mr Dukakis was running particularly strongly among women voters. That no longer seems to be the

More important, because the election is decided state-by-state, is the evidence that Mr Bush is leading in the key states of Texas and Florida, is neck-and-neck with his rival in California and Illinois, and seems to have consolidated his position in the South, a crucial

base of conservative support.

The volatile mood of the electorate, with independent voters apparently switching from one side to the other by the week, means that Mr Bush's lead is by no means decisive.

He is also planning today to reinforce his foreign policy credentials by announcing the for-mation of a national security advisory panel which will inclode a broad cross-section of Republican opinion including, reportedly, Mr Henry KissinThis announcement appears as a matter of record only.



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FINANCIALTIMES COMPANIES & MARKETS

Monday September 12 1988



INSIDE

Cash mountain at the swap shop



Huge amounts of cheap money have become increasingly accessible through the use of Eurobond interest rate swaps, since the col-lapse of world stock markets. Last week the benefits to borrowers were brought home by the \$400m two-part offering for French mort-gage finance agency; Credit Foncier. Page 22

No easy walk to freedom

Computer makers Sun and Compaq have built billion-dollar businesses by abandoning the concept of a proprietary standard — which had long been regarded as the key to sustained profitability in the industry. Their extraordinary success has provoked speculation that an eraof open, shared standards could now be at hand. But it may not be so easy to escape the iogic of conventional wisdom, argues Peter Martin in the Business Column. Page 28

Charles Barker and the marriage that wasn't



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A six-week courtship of Charles Barker, the troubled British public rela-tions and advertising agency, by the much bigger advertising group WPP, has ended without a marriage. The reasons for the separation are a matter of some uncertainty, but there are

many who believe that Barker, which was only floated on the stock market two years ago, is. now likely to attract fresh sultors. Page 26

Zurich Holdings makes its debut This week Zurich Holdings, a property develop-ment group, will become one of the largest companies on Britain's Unlisted Securitie Market. It has gained the quotation through the acquisition of Ecobric Holdings, which specialises in demolition work. Page 27

Market Statistics

Base landing rates Euromatics turnover FT-A World indicas Foreign exchanges _ London recent issues

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Banque Stern Citygrove Coast-United Daniels (S) Duminel Lele Eastern Air Kluman & Balter

Macmillan

25 More O'Ferrall 27 Oceana 26 Panfida 25 Rivaud 25 Specialty Shops 25 Sun Life

25 Sun Life
26 Triangle Trust
28 Union des Paris
26 Walker (Thomas
"Inv.in Success"

World status for the video slave master

of Cariton Communications, now owns 22,000 slaves. They came at the weekend as a central part of his \$780m acquisition of Technicolor, the US video duplication and film processing business — a move which launched the UK television services company onto the world stage.

Now while Mr Green sleeps the

22,000 "slave" video units will probably each be turning out copies of the latest films in plants capable of working 24-hours a day, 365 days a year. This year the slaves will pro-

This year the slaves will produce 60m video cassettes for a rental market worth, at retail prices, film a year in the UK alone. They will also contribute to the fast growing "sell through" market, where Hollywood classics or "How to do it" videos are sold rather than rented Mayt

sics or "How to do it" videos are sold rather than rented. Next year the slaves' video output is expected to rise to 75m.

Ironically the new Technicolor slaves are much slower than the high-speed duplication equipment Cariton already owns in the High-speed to the philadel. US at Modern Video in Philadelphia - 150 times slower.

Mr Green, who has in the past backed the high-speed technol-ogy, has modified his views and believes he now has the best of both worlds. It depends, he argues, on the nature and volume of the job whether the \$150,000 high-speed duplicators are more cost effective than the linked slaves which come at \$400 a time. Ironically it was the Rank Ironically it was the Rank Organisation, now one of his keenest competitors, that alerted the
40-year-old Mr. Green to the
Technicalor acquisition — a deal
which he believes gives him
around 40 per cent of both the
world video duplication and cinma film processing markets.

Rank's chief executive paid \$120m for a video duplication business owned jointly by Columbia, Paramount and Bell & Howell in April this year Mr Green realised time was short if he was going to buy into a business dom-inated by a handful of companies. A formal approach was made,

through Lazard Frères in New York, to Mr Ronald Perelman, the chairman of Revion, the cosmetics company which held 100



Mr Michael Green believes Technicolor gives Cariton the best of both worlds in video recording

per cent of Technicolor.

"He said Technicolor was not for sale but to come over and talk," said Mr. Green. It was a conversation that led to many

conversation that led to many hours of tough negotiations.

"We walked out a few times but never for more than three minutes. He had to be a logical seller and we had to be the obvious buyer," said Mr Green yesterday, after a weekend spent catching up on hours of lost sleep.

It is, the Carlton chairman concedes, a very large deal, but one.

cedes, a very large deal, but one, he argues, where the risks are known because most of the Technicolor business is in the form of three to five-year con-tracts with major Hollywood studies such as Warner Bros.

Raymond Snoddy examines the expansion strategy of Carlton

Communications following its \$780m acquisition of Technicolor

A £364m rights issue is already underwritten with Hambros Bank as lead underwriter and the acquisition should take Cariton's profits into a higher division.

Analysts are forecasting profits of around £110m for the enlarged. group in 1988/89, compared with Carlton's pre-tax forecast of £48m for the year to September. Last year the company made £33.70.
"There is no question that the business he has bought is sound but he has paid over top dollar for it," says Mr Gifford of Rank. He believes the video market will

double over the next four years with sales of 10m-11m copies being predicted for the Christmas launch of the Spielberg film E.T. "I think he (Green) has more capacity to lose market share than gain it. We will be working to help him do that over the next few years," adds Mr Gifford with heavy irony.

The daring Carlton acquisition, giving the UK a dominant hold on the world video duplication market invites comparisons with Saatchi & Saatchi, the advertising and management services

Both companies have grown through rapid and sometimes ontrageous acquisitions, both recognise the importance of the globalisation of their respective markets and have carried out

successful raids on the US.

Mr Green is, however, keen to emphasise the great differences between the two companies, even though until recently he and Charles Seatchi used to meet for regular poker sessions. As the size of their real-life gambles has increased both seem to have out-

grown their card game.

Mr Green says he believes in hard assets which cannot walk out through the door in the way an important advertising account can follow a defecting advertising man. He sees Carlton as being a technology driven company.
"I thought of us as a manufac-

turing company even before Technicolor," says Mr Green who emphasises there will be no dramatic pieces of lateral thinking such as the unsuccessful attempt by Saatchi & Saatchi to take over Britain's Midland Bank. For all its size the takeover of

Technicolor is almost certainly a staging post on the way to the big prize - the de-regulation of the British commercial television industry over the next few years. Mr Green has talked and planned for years about the potential of satellite television -

but faced with the consequences of several years of negative cash flow has resolutely refused to sink money into it. His compa-

franchises are put out to competitive tender and a planned fifth channel is launched. If the fifth channel can be oper-

broadly-based consortium then the target will change to the Midthe target will change to the man lands commercial television franchise at present held by Central — a company ironically in which — a company ironically i

Moral hazards for the US budget

Anthony Harris in Washington

THE Drexel Burnham affair is attracting a lot of coverage in the US but, as with the Boesky affair before, this is motivated by an almost prurient envy rather than by concern about the financial system. Lifestyles of the rich and unscrupulous, as it were.

This is a perfectly natural atti-tude: ordinary people were hardly involved, unless they were the proof to own shares in one of the companies put in play. The less greedy these shareholders were, the richer they were liable to get those who sold early on an unexplained price rise missed half the firm and half the profit, but the sleepy ones scooped the pool.

The Congressmen who see the whole business as a cue for righ-

teousness never seem to notice this poetically just result. What is odder, they seldom mention the damage that has been done to capitalism, and indeed to the whole US economy.

The managements of compa-nies caught in the machinery could put them right, for it was not just the incompetent who found their assets stripped to pay off junk bonds, their long-term plans frozen in the name of cash flow, and their jobs in jeopardy.

They cannot be blamed for pro-

tecting themselves with generous severance clauses, or for mounting pre-emptive management buy-outs, but managers preoccu-pied with self-defence have had little time or money for growth

or invention.

The effects have spread through the whole economy. The deluge of borrowed money released in this battle — some \$350m from first to last — has helped to finance consumer overspending, and thus produce the trade deficit. Corporate and con-sumer borrowing combined have

of several years of negative cash flow has resolutely refused to sink money into it. His companies have even made money from satellite television by simplying services to loss-making ventures such as. Mr Rupert Murdoch's Sky Channel.

For Cariton and Green the target is old-fashioned land-based television when the current ITV franchies are not out to compatible television of output, and corporate investment spending is growing more than four times as fast as it was last year. It is not so easy to see a happy

ending to the other credit scandal now preoccupying Congress -the savings and loan crisis. The ated by one company Mr Green outlines must be familiar. The S will go for it. If as seems likely the Government will insist on a because they lent long at historic because they lent long at historic because they lent long at historic land. cally cheap interest rates and had to borrow short at higher rates.

lapsed, and left the loans largely unsecured. (Much the same has happened to the farm credit system - another scandal waiting to erupt.)

Congressmen never complained about rash lending to their constituents. Indeed, they helped the President to make matters worse, by deregulating the S & Is in the middle of the crisis. The hope was that these institutions would make profits in new, unfamiliar fields to offset the losses they had made in the business they were supposed to understand. What they actually did, predictably enough, was generally foolish, and occasionally

Congress remained complai-sant, and sometimes worse: Speaker Jim Wright, among oth-ers, is accused of siding and abetting these disastrous schemes.

What has finally engaged its attention, however, is the rescue operation being mounted by the Federal Home Loan Bank and the Federal Savings and Loan Insur-ance Corporation. This twoheaded monster, generally known as Fislic, is gathering the bankrupt S & Ls into bundles, which it sells to new investors, after making expensive provi-sions against the losses of the

This, it is hoped, will be cheaper than shutting them down outright, and leaving the insured deposits as a deadweight liability of the Federal government. Fislic's chairman, Mr. Danny Wall, gave much testi-mony last week about the hopes he places in new management. and the economies to be achieve by operating on a larger scale (most S & Ls are minute compared with a British building

There may be some wishful thinking here but, as Mr Wall stressed, Fislic really has no alternative. Even on his own figures, Fislic has only about a third of the capital it would need to take the direct route, liquidate three times Mr Wall's figure: tion. \$100bn is the highest serious bid at the moment.



\$16bn of promissory notes. US Treasury officials testified that they regard these notes as obliga-tions of the US Government. But Congress refuses to endorse this view, and the Treasury can bor-row only with Congressional

row only with Congressional authority.

As a result, Fisic's notes can only be sold in the markets at an insulting high yield — the nearest thing you could find to a Federal junk bond. Fisic is prey to the same doubts which hamper the S & Ls, which have to pay over the odds to attract federally insured deposits. insured deposits

You could hardly hope for a clearer illustration of the moral hazard which is involved in any kiod of deposit insurance, as bankers constantly remind us. When the government's own agent get involved in this kind of mess, it is hardly surprising that the US economy is encumbered with high real interest rates -nor that foreign investors, who see the rates more clearly than they see the mess, tend to over-value the dollar. All this is well understood on Capitol Hill, but

Congress has its own troubles.

The central problem is simply this: any capital which it might vote to make an honest agency of Fislic would be charged against the Federal budget and, under the Gramm-Rudman law, this spending would trigger automatic cnts in other, vote-rich spending programmes.

This may make accounting sense, but it is economic nonsense. Any inflationary effect was achieved in the distant past, by guaranteeing the S & L depos-its in the first place. Voting the money to honour the guarantees would simply ward off the slump which would result from a true S & L failure - a drastic solution which nobody recommends.

Such a vote might also remind Congress what is really involved in Federal guarantees: the duty of close sopervision. This has take the direct route, liquidate never been forgotten by Mr the bankrupts, and honour its guarantees to depositors. Outside estimates put the cost at two or eral Deposit Insurance Corporatives of the banking side, Mr Bill Seidman of the Federal Deposit Insurance Corporatives of the second side of

veterans who restore one's faith Mr Wall's real sin in the eyes in the American system, and a of Congress, though, is not so notable wit too. He has fought much that his strategy is risky — the White House to establish the the White House to establish the though he was asked what would rule that deregulation should happen if his new super S & Ls mean more supervision, not less, went bust in their turn - as a and has imposed the tightest

perhaps the saddest fact is this

Economics Notebook

A ceasefire in Berlin

PINANCIAL markets, complete the package – except governments and even journal-for the obligatory paragraph on ists are turning their minds to the world economy ahead of this month'e annual meeting of this is where it may get the International Monetary tricky.

So we ehould spare a thought for the senior officials of the Group of Seven nations who will spend this Thursday drafting a communique that must satisfy them all. Suitably amended (and no doubt saniamended (and no doubt saurtised) by the politicians, it will be released 10 days later by the G-7 finance ministers and central bankers on the eve of the IMF gathering in Berlin.

The official guidance already filtering out is that we should be a decided by low-levely

expect a decidely low-key affair. No-one wants any upsets before November's US presidential election.

So the message of the communiqué is clear: the policy

co-ordination process is work-The Seven will pat them-selves on the back over the reallience of their economies in the aftermath of the stock mar-

kets' crash. hets crash.

Assuming July's US trade figures contain no nasty surprises, they will argue that the longstanding improvement in prises, they will argue that the longstanding improvement in underlying trade flows is being translated into a marked narrowing in nominal imbalances.

The IMF's assessment that the US still faces a \$135bn current account deficit in 1989 will be quietly brushed aside.

Some Governments, and it not hard to guess which, will whe markets are excuse either to buy or sell the US currency. The ministers are aware that the phrising of their last com-

during the summer.

A signal that whoever wins

the US election will be expec-ted to underpin market confi-dence by pledging deep cuts in the US Budget deficit should madge down the US currency

This is where it may get

A softer dollar in recent weeks and a detailed US expla-nation of its policy stance has taken the edge of the friction which threatened an open split among the Seven during the

Washington has explained washington has explained privately that it is not seeking a high or rising dollar. Its concern is to preserve calm in the markets rather than to maintain a particular level for its currency. The overriding fear is that a sudden dollar fall and that is still seen as a sig-nificant threat — might trigger a slide in the bond and equity

The explanation seems to have defused for the time being at least the irritation caused by Washington's failure last month to consult its part-ners before raising the discount rate.

The Bundesbank also seems content with its success in halting the D-mark's decline. It

also want a self-congratulatory reference to their timely action in heading off inflationary pressures with a measured tightening of monetary policy during the summer.

The ministers are aware that the phrasing of their last communique, at June's Toronto summit, was seen as reflecting satisfaction with the dollar's steep rise since January.

appreciation.
Against that, they cannot

would risk triggering a free Watch for some tortuous lan-guage on September 24.

The major preoccupation of Mr Nigel Lawson, the UK Chancellor, during his Berlin visit may well be on developments much closer to home. The trade figures for August will be published on September 17 and he should have them. 27 and he should have them in his pocket when he files out to the IMF meeting four days ear-

It is widely acknowledged among insiders that another deficit in the 22bn range could be the trigger for base rates of 13 or 14 per cent.

In the meantime the message being abouted from the roof-

being shouted from the roottops of Downing Street is thatthe Government will have no
hesitation in dipping into its
\$50th of reserves to forestall a
fall in the value of the pound.

The Treasury's hope is that
the threat will be enough to
see off the speculators, but it
also sees intervention as a way

see on the spectrators, but it also sees intervention as a way of "buying time". The official doctrine is that intervention can be most effective in two sets of circumstances — while governments are making up their minds what to do and while they are waiting to while they are waiting to gauge the effect of actions

already taken. What Mr Lawson, like everyone else, is looking for is some sign that the ratcheting up of base rates from 7% to 12 per cent has slowed the pace of basemanns and smoother.

borrowing and spending.

Today's retail sales figures
and next week's money supply
data will provide some guide. But the Treasury would like to wait at least for the trade figures before making a judge-ment on whether interest rates ment on whether interest rates need to go still higher to dull Britain's appetite for imported cars and videos.

The first clue may come from whether Mr Lawson is smiling or frowning in Berlin.

Philip Stephens

THIS WEEK WEDNESDAY'S US trade figures are likely to be the highlight of a series of statistics which could provide Looking for clues inters to economic growth and inflation trends on both sides of the Atlantic.

A bigger than expected deficit could undermine the US dollar. The consensus of analysts' forecasts, compiled by MMS international, the financial research company, is for a deficit of \$11.5bn for seasonally-adjusted merchandise trade in July,

against \$12.5bm in June. Figures for US industrial production and retall sales in August are released on Thursday. Weaker than expected employment figures
10 days ago have prompted
speculation of slower growth.
The consensus is for industrial
production to be unchanged and retail sales to increase by

0.3 per cent. In the UK, analysts are likely to scan carefully today's release of August's producer prices indices for signs of rising cost pressures. The MMS International consensus is for no change in seasonally-adjusted input prices but a rise of 0.2 per cent

in factory gate prices.
August's retail price index is released on Friday. The consensus suggests a big rise of 1 per cent as mortgage rate rises take effect, pushing the annual inflation rate to 5.6 per

Provisional retail sales figures for August today will give a guide to the strength of consumer spending. The consensus is for a rise of 0.5 per cent after 2.4 per cent in July. In Japan, three sets of

statistics for August are released this week merchandise trade figures today, the wholesale price index on Tuesday and preliminary money supply on Friday. The trade figures are

expected to confirm the rising trend of Japanese trade

surpluses, the wholesale price index should remain stable and the money supply growth may show a significant decline from the annual 11.1 per cent in July, as the Bank of Japan has been tightening money market interest rates in the past few weeks.
A series of meetings of

central bankers and Government officials from leading industrial nations take place this week in the run up to the International Monetary Fund meeting in West Berlin at the end of the month. Central bankers meet at the Bank for International Settlements in Basle today and tomorrow. The meeting includes the first formal session of the European Community's study group on monetary union, chaired by Mr Jaques Delors, president

of the EC. Finance ministry officials from G-10 and G-7 countries meet in Paris on Wednesday and Thursday. On Friday the Franco-German economic and finance council meets in Frankfurt and European Community finance ministers begin an informal weekend

meeting in Crete. Other events and figures due for release this week (with the consensus of forecasts in brackets) include:

Tuesday US current account for three months to June. Wednesday UK industrial production in July. (0.3 per cent fall). West German Bundesbank announces terms of the next round of security

repurchase agreements with commercial banks. Thursday UK unemployment (40,000 fall) and average earnings (8½ per cent). Capital expenditure by manufacturing and service industries in three

months to June. Friday US capacity eriday US capacity
utilisation in August (83.4 per
cent) and business inventories
in July (0.5 per cent rise). UK
public sector borrowing requirement in August

In an effort to conserve its core capital, which is raised out of the insurance premiums and her than the conserve its core flightiest, wholesale deposits. He is to retire in a few many than the conserve its core flightiest, wholesale deposits. insurance premiums paid by the S & Ls out of money they have sad story. GE CAPITAL CORPORATE

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INTERNATIONAL CAPITAL MARKETS

EUROCREDITS

TV group's facility pays off for banks

A SMALL financing signed earlier this year for a British television services company is yielding a significant spin-off for the banks involved.

The humble £60m multiple option facility for Carlton Communications was signed in April and carried a margin on drawings of 12% basis points over London interbank offered rates (Libor).

On Friday, Carlton announced a \$780m agreed takeover for Technicolor of the Carlton IIS and it also became clear that the firm which arranged the April financing - Credit Suisse First Boston - had put together the bank acquisition

Not only that, but the five banks underwriting it - Bar-clays, Banque Nationale de Paris, Crédit Suisse, Midland and National Westminster also comprised a large portion of the syndicate for the earlier

Terms have not been dis-closed for the financing, but it includes a £351m equity bridge loan which will be paid back by the proceeds from the company's rights issue - the largest underwritten issue in the UK since the crasb. It also includes \$200m in five-year fin-ancing, half in the form of a term loan and half as a revolv-ing credit. A decision has yet to be made on whether the dium-term credits will be

put into general syndication. Borrowers from across the Atlantic are re-emerging. Chemical and Natwest are raising a \$250m, five-year multiple option facility for Cyprus Minerals, a mining concern based

EUROMARKET

Primary	Market			
USS Prev Other Prev	Straights 1,160.5 1,576.5 894.5 2,866.7	518.5 0.0 35.5 1.3	FRN 233.0 240.8 806.7 573.7	0ther 8 412.7 8 066.9 1 741.7 939.9
Seconda USS Prev Other Prev	10,721.6 11,761.7 10,693.4 14,657.3	956.7 1,040.0 774.5 1,227.3	3,506.7 5,804.6 4,353.7 6,553.5	5,420,5 5,427,9 14,891,7 18,599,4
US\$ Prev Other Prev	15.	491.8 2 828.7 2 770.9 1	nruclear 2,438,3 4,099,7 8,422,8 3,107,9	Total 30,930 1 33,416.4 34,193.7 45,419.1

Bank of America International is syndicating a \$100m. five-year facility for Greyhound Financial Corporation, the Phoenix-based secured financing subsidiary of Greyhound Corporation. Front end fees range down from 12% basis points for a \$10m commit-

Bramalea, the Canadian property developer majority owned by Trizec Corporation, is raising \$100m in a sevenyear term loan being arranged by CSFB. It carries e 32 basis point margin and front-end fees start at 15 basis points for

NatWest is increasing a £300m facility it raised a year ago for Queens Moat of the UK to £400m and on the same terms, which include a 10 basis point facility fee, 12% basis point margin and 2% basis point utilisation fee if more than half drawn. Chase is hopeful of an increase in its L300hn financing for Mediocre-dito Centrale, which was sub-stantially oversubscribed, and a £200m facility, with a £100m committed portion, arranged by Barclays de Zoete Wedd for S & W Berisfordof the UK was raised to £300m and £165m

Japanese banks and insurance companies are putting the finishing touches to a Y40bn financing for the Republic of Turkey. Carrying a 12-year maturity with 10% years grace, the transaction is being led by 18 banks and insurance compa-nies. Bank of Tokyo is the agent on the fixed-rate portion and, which pays 1.1 per cent over the Japanese long-term prime rate, which is fixed and then reviewed after five years. Mitsui Bank is agent on the floating rate part, which pays 1 per cent over LTPR.

Interbank of Turkey is raising \$25m through a multi-currency two-part pre-export fin-ancing through First Chicago. The first part is for \$10m with a 15-month maturity paying 1 percentage point over Libor, with a 40-50 basis point underwriting fee, and a second \$15m portion with a 1% point mar-gin and a longer 27-month maturity, and underwriting fee of between 1 per cent to 1.4 per

INTERNATIONAL BONDS

Interest rate swaps provide cheap cash mountain

SINCE THE collapse of world stock markets last year, cheap money has become increasingly accessible in huge amounts to the highest quality borrowers through the use of

interest rate swaps. Of course, there is nothing new about the use of swaps. They are a basic tool of finance that allows borrowers to exchange fixed-rate funds for obligations with rates that rise and fall with other interest

But since the crash, dollar Eurobond investors have demanded larger issues and the best quality borrowers. This trend has made swaps into floating-rate funds an even cheaper source of new money. In fact, the swap market has proved far more efficient than the moribund floating-rate note

market, which makes it increasingly unlikely that the market will ever revive. No deal illustrates more clearly what the swaps market has done for borrowers than last week's \$400m two-part offering for the French mort-gage finance agency, Crédit

The financing consisted of two issues totalling \$200m each, one for seven-year fixed rate funds, the other for 10-year floating-rate funds.

The fixed-rate tranche carried a coupon of 9% per cent

and was priced at 100% to achieve a spread of 43 basis points over US Treasuries. But the good news for the borrower was contained in the swap, which gave it a cost of funds of an estimated at 30 to 35 basis points under three-month London interbank offered rates. At last week's Libor rates, the cost of funds for the first three-month period

would be about 8.05 per cent, far below the rate carried on

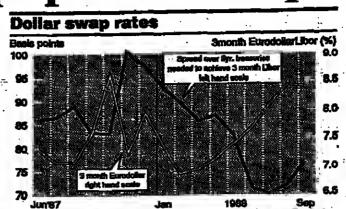
Crédit Foncier's other Euro-

bond, a \$200m 10-year callable floating-rate note, paying a point under London interbank bid (Libid) rates, illustrated how the use of swaps has significantly reduced the need for borrowers to try to resuscitate the floating rates and procedure. the floating-rate note market.

The borrower opted for the floater because of the flexibility offered by the call option.

But in fact, it is some 15 to 20 basis points more expensive than the rate achieved by the

The sub-Libid funding on the floater would have been considered extremely aggressive even in the summer of 1986, the heyday of the floating-rate note market. Then, Belgium was able to issue a \$400m floating-rate note paying 2 basis points under Libid, while an issue paying 10 basis points under Libid for Denmark flop-



views. Now, size is a plus and

too few bonds can doom an issue to an untimely death.

This year, there have been several successful Eurobonds

allowing borrowers to raise half a billion dollars at a single pop, with the funds instantly

ng-rate money. The spate of straight dollar

Eurobonds brought to market over the past few weeks - and

the roster of mandates assigned but not yet brought to fruition - shows the extent to

which both underwriters and

borrowers have become depen-

dent on the use of swaps. Certainly, the spread between rates charged on

ped a few weeks later.
"It is virtually impossible to get to the same level of interest rates using a floater than could be achieved with a swap," said Mr Andrew Pisker, manager of new issue syndication at Shearson Lehman Hutton which led Crédit Foncier's

The market in FRNs flourished because borrowers found that it was only investors in those securities who were will-ing to absorb the huge quanti-ties of debt they needed to

But the illiquidity that beset the Eurobond market last year in fixed-rate issues of all cur-rencies has changed investors'

Eurobonds and those on US
Treasuries has been kind to
those seeking swaps over the
past few months. The closer
the two rates are to each other,
the more leeway underwriters
have to offer sub-liber funding
to harmware and spreads have to borrowers, and spreads have been almost at historically narrow levels in recent weeks. eads are starting to look Spreads are starting to look particularly attractive for sev-en-year debt. Friday's \$100m seven-year offering for Aetna Life and Casualty, priced to yield 50 basis points over Trea-suries, would have given the

borrower a rate of 25 basis points under Libor, if swapped. The issue carries a coupon of 9% per cent and is priced at Several other seven-year

fixed-rate dollar Eurobonds are expected to be launched this

When the spread between the two markets widens, the swaps offer fewer advantages. After the release of US August After the release of US August employment data on Septem-ber 2, spreads widened by about 17 basis points, enough to knock several planned nes off track. Even now, spreads are about

7 basis points wider than they were before the jobs data were ed and several borro are said to have shelved issuing plans.
But if the market for fixed/

floating rate dollar aways has despened, the reverse is true in many other currencies. The new Bank for International Settlements (BIS) rules require capital to be set aside for mar-ket and counterparty risks inherent in off-balance sheet transactions, raising the cost of currency swaps sharply. As a result; the markets in yen mark and sterling swaps have become less liquid.

However, swaps of Ecu fixed-rate funds into floating rate funds are working well, partly because Ecu-denomi-nated Italian government Trea-sury bills are available to com-pose the swap. Last week, four pose the swap. Last week, four deals were launched totalling

day. Rebobank Nederland issued

Rabobank Nederland issued a Ecu75m three-year deal with a 7% per cent coupon priced at 161% which lead manager Bankers Trust said traded inside its 1% per cent fees.

But Copenhagen Telephone's Ecu75m five-year deal lagged, despite its generous 8 per cent coupon. The issue was seen outside its 1% per cent fees, at less two. Lead manager Deutsche Bank, pointing to the Danish Government's 56 per cent holding in the company, cent holding in the company, said it believed the pricing was

Euromarkets Staff

NEW INTERNAT Av. He US DOLLARS Howa Machinery Nomura int. Daiwa Europe Yamaichi int.(Eur) Yamaichi int.(Eur) Marubeni UK CSFB Dalwa Europe Deutsche Bik Cap.Mits Eurofima Credit Foncier Credit Foncier(g): CANADIAN DOLLARS Hoy. Trustco M'gage Fin NEW ZEALAND DOLLARS Royal Trust Corp. 4:44 100 Fay, Richwhite D-MARKS Bge Ed. d'Algerie∳ Takiron Co.4∳ NordLB (Luxembourg)∳ DG Bank Bayerische Vere NordLB Luthanea Int. Fin.♦ Bond Finance (DM)♦ SWISS FRANCS Thesing Int-Fit. (a) Takasago Thermal Eng+454 Toyama Chemical Co.4444 Jepan Air System4454 Apollo Electronics4454 TDB Arnex Bank Nikko (Switz) Fin. Credit Suisser Swise Volksbank UBS 100 100 100 100 100 Stephen Fidler

Borrowers	Amount m.	Maturity	Av. life	Coupen	Price	Book runner Offe	r yiek
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Kurimoto Lini.**	200	1993		(¹ 2)	100	Cradit Sulses	: -1
Kansal Electric Power	400	1994	-		100%	UBS	4.56
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Alao NV	50 .	- 1991	~3	75	1014 .	Amro Bank	7.14
Copenhagen Telephone	75	1993	.6		- 101 A -	Deutsche Bk Cap.Mids	. 7.53
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Austria (b)†	. 5bn .	2000 .	12	I.	100	Girozentrale-Vienna	
YEN							
B.Naz del Lavoro S'pore	7,369	1996	712	5.3 :		Nomes int.	4.98
Oest, Luenderbenke	5bn	1992	. 4	7		Benicers Trust Int.	6.59
Toronto-Dominion Bk(d)	80n	1992	4	712	1013	Goldman Sacha Int.	7.09
Asian Dev. Bank (e)	30bn	1996	10 .	512	1004	Nontura Secs.	5.48
Sparekassen SDSAA	4bn	1992	4		1014	Nipport Credit int.	7.51
ASLK-CGERT IFICO◆	10bn :	1993	44	512	1015	LTCB Int. Final terms. 4) With warrants if comp	5.05

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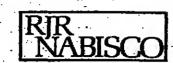
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Banque Bruxelles Lambert S.A.

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Prudential-Bache Capital Funding

Banca del Gottardo

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Issue Price 100 per cent.

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Morgan Grenfell Securities Limited

Salomon Brothers International Limited

Bank Espirito Santo International Limited

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Crédit Lyonnais

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

Euromobiliare S.p.A.

Goldman Sachs International Corp.

Merrill Lynch International & Co.

Morgan Stanley International

Nomura International Limited

SBCI Swiss Bank Corporation Investment banking

Shearson Lehman Hutton International

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Can. \$100,000,000



La Caisse centrale Desjardins du Québec

(Incorporated under the laws of the Province de Québec, Canada)

10½ per cent. Deposit Notes due 1993

Issue Price 101% per cent.

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Bankers Trust International Limited

Generale Bank

Société Générale

Westdeutsche Landesbank Girozentrale

Caisse Centrale des Banques Populaires

DG BANK Deutsche Genossenschaftsbank

HandelsBank NatWest (Overseas) Limited

BNP Capital Markets Limited

Crédit Lyonnais

Dresdner Bank Aktiengesellschaft

Rabobank Nederland

Genossenschaftliche Zentralbank AG Landesbank Rheinland-Pfalz - Girozentrale -Kredietbank International Group

SBCI Swiss Bank Corporation Investment banking

ScotiaMcLeod Inc. Yamaichi International (Europe) Limited

RBC Dominion Securities Inc.

This announcement appears as a matter of record only.

15th July, 1988

Can. \$150,000,000

Bell Canada

10% per cent. Debentures, Series DY, due 1999

Issue Price 101¼ per cent.

Union Bank of Switzerland (Securities) Limited

Crédit Lyonnais

Dresdner Bank Aktiengesellschaft

Generale Bank

Hambros Bank Limited

Nomura International Limited

RBC Dominion Securities Inc.

Salomon Brothers International Limited

ScotiaMcLeod Inc.

Wood Gundy Inc.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

A period to keep one's head down

THE COMING weeks are not for faint hearts in the gilt-edged market. It is a threeweek period to keep one's head

There is a general belief in the market that the authorities will want to wait and see if the economy has turned before they do anything, bot it would be foolish to rule out a pre-

emptive rise in base rates.

The authorities have shown their willingness to act ahead of expectations, and this and next week's data may just provide them another opportunity.

At the time of the last base rate rise the official line was that 12 per cent rates were around the level necessary to arrest the growth in consump-tion. It should be remembered that that was the same rationale used with the unexpected move from 10% per cent to 11

per cent.
The reason for the move to 12 per cent was partly to do with shoring up the pound and partly to do with the fact that the authorities' were once again taken by surprise by the strength of consumption. Both are linked and it is unlikely that anything has changed

The conventional wisdom is that we need to see a couple of months' economic releases before the effects of the recent interest rate rises on consump tion can be evaluated. But this may not have the force it once had if there are signs of an acceleration in activity, a pick up in the core rate of inflation, or another awful set of trade

Part of the previous ratio-nale of the authorities was that they had to look at other indicators of sentiment before a

hard judgment could be made, There have been some straws in the wind in that the housing market is cooling, but equally some of these straws which suggest the target is moving, and moving in the

wrong direction. The most dramatic of these was the CBI-FT distributive trades survey. This indicated that August sales, for which figures are due out this morning, were strong and that retailers expected another

stroog month in September. The weekly banking return clude that there has been an

uncomfortable and unwelcome acceleration in Mo, the narrow money measure which includes mostly notes and coms in circulation, in the first week of

A nasty M0 figure for August is already in the market. Officials agree privately that the market's estimate of a 7.7 per cent annual growth rate is

Mr Stephen Hannah, of County NatWest, suggests that figures for the first week of September do not hode well either: notes in circulation, which account for about 85 per cent of MO, were growing at an annual rate Of 9 per cent, com-pared with the same period a

There are problems with looking at notes in circulation on a weekly basis because of unusual seasonal influences which may distort the observed growth rate. He claims there are no such dis-torting influences over the

period he has looked at.

If this does in fact presage an acceleration in the growth of the monetary base, then the authorities might conclude that something sooner than later needs to be done on base

Another worrying sign, according to Mr Hannah, is the consistent monthly rises in the "core" rate of retail prices

Stripping out the effects of mortgages, public anthority prices, petrol and seasonal food prices, he estimates that the core rate has risen from 4.4 per cent in April to 4.9 per cent in July and could well rise to around 5.2 per cent by the end of the year until it begins to

This may be one of the reasons why the stock shortage argument for the market (buy now before it is too late) has just about lost all its force. It was always the case that the market could not advance the economic background was

not propitious then the best the stock shortage argument could do was prevent selling. That is not the case now Institutions have been sellers and there is no good reason to buy until one can be reasonably certain that the market

Simon Holberton

US MONEY AND CREDITS

Trade figures could dampen market's optimism

themselves to jump into the market from the sidelines as soon as the yield on the Trea-sury's long bond declines convincingly below 9 per cent.

Thus Friday's market action, which sent Treasury prices half a point upwards and reduced the long bond's yield to 8.98 per cent, could turn out to be a significantly bullish development. Whether it does or not will depend in the short run on Wednesday's US trade figures.

On anything longer than a speculator's time scale, however, the prospects of the current rally developing into a fully fledged bull market do not seem promising, regardless of what the trade figures have

The main problem techni-cally is that the market's psy-chology has moved so quickly towards over-optimism from the extreme pessimism which prevailed in July.

To make matters worse, the sea-change in attitudes has been motivated essentially by only one event - the publics tion of much weaker than expected August employment figures the Friday before last.

BOND DEALERS report that thousands of retail and institutional investors are readying much more fundamental econificant because it reflects a much more fundamental economic obstacle to a sustained

advance in bond prices.

The economic picture presented by the Angust employment numbers was one of stability and moderate growth. But given the amount of infla-tion already present in the US system, it could take something more drastic than a mere moderation of economic growth and stabilisation of unemployment, to justify long bond yields much below the current trading range of 8% to

91/4 per cent. The recent broad-based indi-cators of inflation have after all been running at annual rates of 5% to 6 per cent. This means that current bond yields of 9 per cent translate into real interest rates of only 3 or 3%

For taxpaying US investors, the situation is a good deal worse: real yields on Treasury bonds at present rates of inflation are probably less than

Admittedly, some analysts argued on Friday that buried within the 0.8 per cent rise in tha producer price index for August, there was actually some better than expected news about inflation.

US MONEY MARKET RATES (%)

MRI TOKYO BOND INDEX

143.10

The August PPI looked ominous, when set against the 0.5 per cent reported for July and June's 0.4 per cent. But, while August'a figure translated into an annualised wholesale inflation rate of around 7 per cent, nobody was jumping to such alarming conclusions. Excluding a freakish, and almost certainly reversible, 22 per cent jump in energy prices

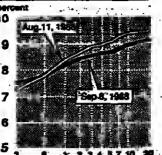
and an 0.4 per cent advance in foods, producer prices increased by only 0.3 per cent.
Putting the trends for the past several months together, most economists appeared to believe that the PPI numbers reflected the consensus expec-tation of an underlying wholesale inflation rate of 5 to 6 per

Still, as Griggs & Santow, the Wall Street Fed watchers pointed out, it was hard to imagine "the Federal Open Market Committee sitting around and cheering the good news that producer prices are growing at only a 6 per cent

But even if the Fed were satisfied with a 5 to 6 per cent rate of underlying inflation, the question is whether bond investors would be equally

acquiescent.
With real yields in the 3 to 3.5 per cent range, bond prices are hardly in the bargain baseare hardly in the bergain base-ment by historic standards. And US yields look even less compelling when compared with the 4, 5 or even 8 per cent real rates available in Ger-many, Japan, France and Britain.

US Treasury yields



the 1 2 3 4 5 7 10 30

Furthermore, those superior returns are offered by countries with better records of fiscal management than Washington's and with considerably

ington's and with considerably stronger long-run currency prospects, at least as indicated by their performances in international trade.

Therefore, for a long-term investor to take a serious plunge back into the US bonds, it seems necessary to believe not only that inflation has stopped accelerating, but that it is actually on the way down. it is actually on the way down.
A bull market in bonds would require a definite peak in prices, not aimply a platem, with 5 or 6 per cent inflation stretching as far ahead as the

eye can see. Yet to push inflation off this plateau the Fed would have to ahow far more ruthlessness than it has displayed since the beginning of the Reagan

Technically, it would probably have to manipulate a temporary inversion of the yield curve, with short-term interest rates rising above the yields on long-term bonds.

In terms of practical politics, the Fed would have to risk rising unemployment and even negative economic growth — in order to fight an inflation rate which seems to be causing no great discomfort to anyone outside the bond market. Would the Fed lead the economy into such an unpopular battle?

The prudent course is to remain agnostic, like the latest issue of the Bank Credit Ana-

The Fed appears prepared to contain the rise in inflation, but it is not clear whether it is willing to bring inflation back down. By allowing inflation to rise, the Fed has put itself in a position where it must risk an economic slowdown. There is a danger that even if the economy slows to 2 per cent, inflation may not stop rising for months."

In the 1960s and 1970s, the Fed's consistent practice was to "back off" as soon as tighter policies threatened recession. the Bank Credit Analyst reminds us.

And it was this willingness

to buy growth at the expense of inflation which allowed the price spiral to continue and eventually brought the golden age of the 1960s crashing down

Of course, everybody today is aware of this sad history.

FT/AIBD INTERNATIONAL BOND SERVICE

But does this mean that his tory will not be repeated?

With a more declaive anti-in-flationary policy, the nine-year economic expansion during the golden age of the 1960s would have aborted much sooner. Yet it is precisely a repetition of the record-breaking growth of the 1960s that the US electorate and a large part of its financial markets now appear to expect.
Until the November election
is over, the Fed is bound to humour the politicians, particularly in the Republican party, who seem to believe that

Reaganomics has miraculously transformed recessions into a barbarous relic of the barharous retter to the benighted past.

But what happens after. November, when the central bank has to underwrite President Bush's fiscal plans, based on the promise of never-ending growth? And how will the Fed.

growth? And how will the Fed cope with the stockmarket's expectations of continuously rising corporate profits?

For the Fed, maintaining a monetary policy that was tight enough to strangle inflation would involve not only political corporations but also has cal opprobrium, but also huge financial risks perhaps another stock market crash, possible bankruptcies on leveraged buyonts and further collapses in the housing market and the mortgage banking bankness.

Nobody could blame the Fed if it decided that 6 per cent inflation was not, after all, so

Anatole Kaletsky

nd Ge

This management buy-in having been completed, this announcement appears as a matter of record only.

December 1983 - 100

Quoteplan plc

Purchase of the shares of

Cope Allman International Limited

Debt finance provided by

Bankers Trust Company

Continental Illinois National Bank

Creditanstalt-Bankverein

Banque Indosuez

Midland Bank

Banque Française du Commerce Extérieur

Hawley Holdings BV

Equity finance provided by

Ackermans & van Haaren N.V.

Bankers Trust International Limited

Midland Montagu Ventures Limited

Talisman Management International

The undersigned acted as financial advisers to Quotenian pic and arranged the debt and equity placings.



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CALVALANGE 7 95_
KLEINWORT BURSOR 7 94.

US BOND PRICES AND YIELDS (%) Money supply: In the week ended August 29, M1 fell by \$0.9bn to \$782.6bn. 142.97 142.61 144.06

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Dumenil Leble about to sell Rivaud share stake

FOR THE second time this Edouard de Ribes, his 55-year-year, one of the financial hold-ings of Mr Carlo De Benedetti as president. Photographs of is about to declare peace and sengage itself from a many-

Dumenil Leble, the French investment bank in which Mr De Benedetti is the principal shareholder with 25 per cent, is on the point of selling the 40 per cent stake it had built up in conjunction with Banque Stern in the Rivaud group, a labyrinth of companies born in the French colonies of Indochina and West Africa. Where Société Générale de

Relgique, the conglomerate over which Mr Da Benedetti struggled unsuccessfully with France's Suez group, involved the pillars of the Belgian busis establishment, Rivaud is controlled by a more inbred

Count Jean Bonnin de Bonniniere de Beaumont, the 84-year-old honorary president of Rivaud, is the son-in-law of the to emerge with a large capital gronp's . founder. Count gain.

old son-in-law, succeeded him-old son-in-law, succeeded him-as president. Photographs of the two men generally show them in tweed plus fours with tentacled holding company a dead duck in one hand and a after failing to gain outright twelve bora shotgun in the

other.
They appear for the moment, to have seen off the assault from Dumenil and Stern, which sought to unravel the web of cross holdings linking the Rivaud empire, from Compagnie du Cambodge or Compagnie des Caontchoucs de Padang, two rubber planta-tions companies, to Plantations des Terres Rouges, with its palm oil and almond planta-tions and Mines Kali Ste Ther-

The two raiders are in advanced talks on the sale of the 40 per cent stake they hold in Social, viewed by observers of the Rivaud group as a key-stone of its construction, to Sasea, a Swiss holding com-pany controlled by Italian interests, and they seem likely

Stern officials insist that the assault, which they initiated at the start of 1987, was never intended to secure control of Rivaud, but was viewed as a financial operation. They note that tales of the struggle with Mr de Beaumont and Mr de Ribes have helped stock market speculation. ket speculation — Rivaud has seven subsidiaries quoted on the Paris stock exchange — and thus increased the value of their stake.

Other Paris financiers, however, say that the personal ammosity between the Rivand clan on one side and Mr Jean Peyrelsvade, then charman of Stem, and Mr Jacques Letertre of Dumenil on the other had prevented an earlier and more profitable solution.

Rivand's escape may be short-lived, however. Analysis in Paris speculated that Sasea, which indirectly controls Cannon Films, would seek to exchange its stake in Sociin for the 52 per cent stake in Pathe Cinema held by various tentacles of the Rivaud group.

Eastern Air starts layoffs

has begun laying off thousands of workers despite a union-led legal challenge to its sweeping cost-cutting programme, Reuter reports from Mismi.

The airline's previously announced plans call for elimination of 4,000 jobs, representing more than 10 per cent of its

Some 2,600 employees will be rest by September 19.

Trade union leaders claim laid off. The remainder of the. jobs will be lost through attri- that Texas Air is trying to dis-

Britain's WPP Group advertis-

ing conglomerate, yesterday announced it had cut its 270-member staff by nearly 100 fol-

lowing last week's decision by

\$120m account, writes our New

EASTERN Air Lines of the US tion, early retirement and other steps.
Eastern, a subsidiary of
Texas Air, has said the cuts
are crucial to the survival of
the Miami-based ardine, which

has lost more than \$1bn over. the past decade. The sirline said most of the affected workers would be laid off over the weekend, with the

Lord Geller cuts jobs after IBM loss

their own advertising ag

and the second s

They were joined by about 40

News of the job cuts came as

other employees.

At its peak, Lord Geller's annual billings had been about

LORD GELLER, Federico, March when six of its top exec-Einstein, a subsidiary of ntive walked ont to set up

International Business \$230m, with more than half of Machines to withdraw its, that total coming from the IBM

York Staff.

News of the job cuts came as
The company suffered a haea surprise to some industry

morrhage of its best talent in analysts who had expected

mantle Eastern and transfer its assets to Continental Airlines, a non-union Texas Air subsidiary, in an effort to break Eastern's unions. Eastern announced its plans in July to eliminate 4,000 jobs,

cut 10 per cent of its daily flights and halt service to 14 Court hearings on union

challenges to the plans are scheduled to resume at the end

to merge with J. Walter Thompson, also owned by

WPP. They said yesterday's

announcement seemed to sig-nal Lord Geller's intention to

stay an independent agency.

IBM's relationship with Lord

Geller began in 1979 when the agency produced the computer

company's first corporate

îmage campaign.

minivan sector, one of the strongest growing segments of the US vehicle market.

the US. For Ford, the deal will mark

its third significant alliance with a foreign automotive group. It is allied with West Germany's Volkswagen in South America, where the two companies have marged operations, in addition to its various joint activities with Mazda.

Seeking closer links in futures Dominique Jackson reports on last week's options pilgrimage

world's futures and options exchanges made their ninth annual pilgrimage their ninth annual pagrimage to the spectacular resort of Burgenstock above Lake Lucerne last week, at the invi-tation of the Swiss Commodities, Futures and Options Asso-

decade of euphoric expansion

and throwing into relief many

of the industry's problems.

These included the inevitability of further antomation,

proliferation of markets and

products and increased inter-national regulation which up

until then had been mere sec-

Closer co-operation was the

leitmotif which emerged from

this year's forum, and this took

in not merely co-operation on

products and systems, but

closer contact between the

industry and the regulators in

a bid to reach a level of mutual

confidence which has so far

Mr Ferdinand Prisi, Swiss

proved elusive.

ondary considerations.

to the use of front-wheel-drive minivans, AP-DJ reports. The two companies are also to aunounce the building of an ciation to discuss the perspectives for their industry. Despite the bucolic charm assembly plant at Avon Lake, near Cleveland, Ohio. and traditionally relaxed atmosphere of the meeting, it was clear this year's discussions had a far more urgent tenor than those of previous gathernear Cieveland, Ohio.

The transaction is expected to be similar to the current arrangement between Ford and Mazda of Japan for Mazda's car-assembly plant at Flat Rock, Michigan. ings which were characterised by upbeat reports of financial Rock, Michigan. innovation and continued

Mazda, 25 per cent owned by Ford, owns and operates the plant and makes its sporty breakneck growth. Shortly after last year's meeting, the world's equity markets crashed, sending a tremor through the interna-tional financial community and particularly the deriva-MX6 compact there. It also makes a similar car for Ford, the Probe coupé. The new minivans, like the tives markets, effectively bringing to a halt more than a

MX6 and the Probe, are likely to have different exterior styling for the Ford and Nissan versions, but will be essen-tially the same. Nissan already has one wholly-owned US plant in Ten-

Ford and

plan joint

FORD AND Nissam, the second largest US and Japanese automotive groups, are expected to announce next week a \$700m joint venture for the manufac-

Nissan

venture

massee, making compact cars
and pickup trucks.

Analysts said the transaction would limit the risk for

both companies, as individu-ally they might have had trou-ble selling the entire production capacity of one minivar Ford already has a minivar the Aerostar — but it is a rear-wheel-drive vehicle.

Ohio state is expected to provide a \$20m aid package, mostly for infrastructure improvements. The plant,

which will open in 1991, could create about 1,300 jobs. Next week's expected amouncement follows almost a year of negotiations.
The deal will give Nissan a stronger footbold in the US

In the first eight months of this year, the company has sold about 8,000 small vans in

op officials of the Association chairman, tional exchanges dealing in the world's futures and acknowledged that last Octosame or similar contracts have options exchanges made ber's crash had dealt the indus-

try a severe blow.
Along with the undarlying cash markets, the derivatives markets were joited by the sub-sequent loss of investor confi-

The industry's image was further tarnished by uncertainties as to whether its role was that the markets had provided a guarantee mechanism - or whether sophisticated operations by futures traders, mainly in the US, accelerated and exacerbated the speed of

The debacle of the Hong Kong Futures Exchange and stories of buge individual losses by private investors in the London-based options market were among the factors to reinforce the latter impression.

owever, although lip service was paid to the ideal of closer co-operation, there was little consensus on how best to achieve it, while the battle lines between various markets, particularly the myriad, competing US exchanges, was still very much in evidence.

Technology has made the 24-hour market as much a reality for the futures and options industry as for the securities markets which underlie it. It has effectively dispensed with the need for particular con-tracts to be traded in the centres where trading in the underlying instrument origi-

Yet until now, most attempts Commodities, Futures, Options to forge links between interna-

Mr Lou Guttman, newly-ap-pointed chairman of the New York Mercantile Exchange, conceded that its link with the International Petroleum Exchange in London was not cost-effective hut added that Nymex would continue to study the feasibility of other link-ups.

The persistent lack of success of such links is attributed to various factors. At the most fundamental level, they are hampered by the fact that the most obvious requisites, such as uniform trade-matching systems, are not yet in place expense of introducing the technology.

This is compounded by an almost wistful allegiance to the traditional open outcry of the futures trading pit. Clearing costs and duplicate transaction es can also be a deterrent, although most dalegates agreed that the most serious obstacle was meeting the regulatory requirements set by the

exchanges in question. Frustration at this inability to forge a successful exchange network has been compounded by recent news of a joint venture between financial information vendors, Reuters, and

the Chicago Mercantile
Exchange.

The project called Globex,
due to be launched next summer, is a 24-bour electronic dealing system which will enable trade in CME currency and Enrodollar futures and options on futures after the CME's regular trading hours.

for its exclusivity, although hoth parties reiterated that Globex would be opened for use by other industry players.

Several delegates opted to reserve judgment on Globex until the system was working but the project has certainly ruffled several senior industry forces.It prompted one contributor to a Burgenstock debate to speculate whether the distinguished panel 10 years hence would comprise solely of representa-tives from the information ven-

Whether Globex will galvanise the exchanges into taking more concrete steps to retain-ing firm control of their industry is not yet apparent.

in this respect, one other major factor must be taken into account - the spectre of increased international regula-

tion of financial markets. The futures and options industry has traditionally enjoyed healthy relations with the regulatory authorities. Indeed, one of the very first meetings of regulators from around the world was held at Bürgenstock some years ago and several representatives from international regulatory

bodies were present this year. However, the events of last October seem to have quashed hopes that the industry will succeed with its lobbying for self-regulation as the most efficient and least costly solution to the problems of imposing a set of rules for the many different exchanges, each with such

Commerzbank reveals index fund details

By Halg Simonian in Frankfurt

West German bank, has released more details of the CB German Index Fund, the first index fund in German equities, which was foreshadowed ear-

lier this month. The Luxembourg based-fund is designed for international institutional investors which want to buy into the German equity market but are mwilling to select and track individinal conities.

Index funds have become ing why Commerzbank's increasingly popular in recent open-ended fund is to be based years, and now account for in Luxembourg, where it will

COMMERZBANK, the large some 10 per cent of all institu- be administered by a special invest a minimum DM1m tional investments in equities in the US and about 2.5 per cent in the UK, according to Mr Dietrich-Kurt Frowein, a member of Commerzbank's managing board.

"My house is especially proud to be the first German bank to be able to offer such an investment instrument," he

However, these funds are forbidden in Germany, explain-

subsidiary of the bank, CB Ger. man Index Fund Management Company.

The new fund is designed to track the existing Commerz-bank equity index of 60 leading shares as closely as possible. However, statistical sampling techniques have allowed the number of shares in the fund to be reduced to 36. The number of constituents may change, but is likely to remain between 30 and 40 shares, said Institutions will have to

will represent some 85 per cent of the market capitalisation of the shares included in the existing Commerzbank index. Dividend payments from the fund will be made twice a year. The bank clearly sees Middle

(\$540,500) in the fund, which

and Far East investors as its prime targets, and preliminary siderable interest so far. However, Commerzbank also believes there may be interest

from private clients, despite the high initial investment

This announcement appears as a matter of record only.

July, 1988



CORPORACION DE FOMENTO DE LA PRODUCCION

The Chilean state industrial development corporation, is offering to national and foreign investors the sale of 57,165,153 shares representing 32.7% of outstanding stock, plus the option to acquire an additional 11% of

QLanChile

and has appointed The Chase Manhattan Bank, N.A. as their financial advisor.

THIS ADVERTISEMENT IS ISSUED BY CORPORAC DE FOMENTO DE LA PRODUCCION IN CHILE AND HAS BEEN APPROVED BY THE CHASE MANHATTAN BANK, N.A.



Türkiye Cumhuriyet Merkez Bankası (The Central Bank of the Republic of Turkey)

U.S. \$150,000,000

Revolving Underwriting Facility with Euro-commercial Paper Programme

> Guarantee Bank The Fuji Bank, Limited

Arranged by

Bankers Trust International Limited

Lead Manager

Bankers Trust Company

Co-Lead Managers The Sumitomo Bank, Limited The First National Bank of Chicago The Fuji Bank, Limited

The Bank of Kuwait and the Middle East KSC The Daiwa Bank, Limited National Bank of Pakistan

Mitsui Finance International Limited

Banque Paribas

Crédit Agricole The Saitama Bank, Ltd. UBAF Arab American Bank

Bank of Bahrain & Kuwait B.S.C

State Bank of India

The Fuji Bank, Limited

The Daiwa Bank, Limited

Bankers Trust International Limited

Gulf International Bank B.S.C.

Co-Managers Nuovo Banco Ambrosiano S.p.A.

Provinsbanken A/S

The Saitama Bank, Ltd.

Sparekassen SDS

Funds Provided by Bankers Trust Company

The Sumimmo Bank, Limited Gulf International Bank B.S.C. The Bank of Kuwait and the Middle East KSC

National Bank of Pakistan

The First National Bank of Chicago The Mitsui Bank, Limited Crédit Agricole

UBAF Arab American Bank State Bank of India Australian European Finance Corporation NV

Bank of Bahrain & Kuwait B.S.C. Nuovo Banco Ambrosiano S.p.A. Provinsbanken A/S The Arab Investment Company S.A.A. ASLK-CGER Bank The Rural & Industries Bank of Western Australia Skopbank

Banque Louis-Dreyfus Krediethank S.A. Luxembourgeois Societe Bordelaise de Credir Industriel et Comm

Placing Agents

First Chicago Limited

Fuji International Finance Limited



IISE group to take 53% stake in newsagents chain

"INVESTING IN Success" Equities, the UK investment trust currently run by Sydneyhased investment company Panfida, is to buy out almost half of News International's 33.3 per ceot stake in the Martin chain of newsagents, which has around 900 outlets throughout the UK.

At the same time, IISE is planning to merge with Panfida via a share-swop offer and list on both the UK and Australian exchanges. Coupled with existing holdings, the purchase from News will give the enlarged IISE group a cootrol-ling 53 per cent interest in Mar-

News International, headed by Mr Rupert Murdoch, is sell-ing its remaining 18.6 per cent of Martin to Ormsby Limited, a private company representing an individual shareholder.

Ormsby, which also already holds shares in Martin, will then own the remaining 47 per cent of the newsagents chain. Martin was put up for sale by Guinness last year, and finally acquired by an Austra-lian consortium, led by Pan-fida, for £202m in September 1987. News International was a

To finance the acquisition. only £60m was raised in equity the remainder in debt - so News International's involvement cost it £20m. It is selling the 14.6 per cent stake to IISE for £9.4m, and the interest to Ormsby on a pro rata basis.

member of that consortium.

The merger between USE and Panfida is designed to cre-ate "a stronger and more appropriately structured com-pany", according to the two boards. Panfida, which is itself listed in Australia, won a bid

for IISE in early-1987, retained a 29.1 per cent stake and took over management of the company. However, IISE is the larger vehicle with net assets of over £55m.

Under the merger terms, HSE will offer one new share for every five Panfida, and A\$0.13 in cash for each Panfida listed option. This values the Australian company at around

Assuming the deal goes through, IISE will abandon its investment trust status.

Meanwhile, in the eight months to end-April Panfida says that Martin made an operating profit before exceptionals, interest and tax of £10.2m.
Sales were £198.4m. Yesterday,
however, Mr Ken Vere Nicholl,
a Panfida director, sald that
after the exceptionals and finance charges, the company would show a loss.

Maxwell may increase Macmillan bid

MR ROBERT Maxwell, the UK publisher, has offered to increase his bid for Macmillan, be staying and which will be the US publishing group, to \$84 a share, subject to certain conditions. The current offer is \$80 ner share, valuing the company at \$3.35bn (£1.38bn).

The suggested increase comes in a letter sent by Mr Maxwell to Mr Edward Evans, Macmillan's chairman, late on Friday. In the letter, Mr Maxthat we are prepared to increase our offer up to \$84 subject to receiving a clear

be staying and which will be leaving if the bid is accepted." The letter adds that if Mac-millan has a "financed binding

alternative proposal which will generate a grester present value for shareholder" the Maxwell Communication Corporation will withdraw its bid. Mr Maxwell has also made clear that he would raise an alternative offer of \$1.1bn for a group of Macmillan companies

(mainly husiness information companies) to \$1.4bn. However,

MCC's original tender offer expries today but is expected to be extended.

More O'Ferrall buys **US advertiser for \$6m**

advertising group, has \$2m or more acquired Coast-United, a Califormian outdoor bench adver-tising company, for \$5.5m free of charge and sited at bus (£3.24m), An additional consid-stops. In return, the company

MORE O'FERRALL, outdoor one of the next five years be Coast-United manufactures

eration of \$500,000 in cash will is granted a permit to sell the he payable should Coast- advertising space on the bench United's pre-tax profits in any panels. Thursday suggests that the ini-tial offer met an unwelcome response.

a letter sent to Mr Evans on

pointed when at our meeting today you indicated that you were only prepared to sell some \$400m to \$750m of (these) assets in order to assist you in financing a management leveraged buyout," write Mr Max-

Thos Walker higher Continued expansion has seen pre-tax profit of Thomas Walker rise by 57 per cent in the year ended June 30 1988,

from £329,000 to £518,000. Turnover of the group, maker of metal smallwares for the clothing industry, rose 20

per cent to £3.49m (£2.91m). Earnings per 5p share were up from 3.57p to 5.59p and the final dividend is 1.3p for a total of 1.475p (1.125p).

Sun Life link-up talks with **UAP** at completion

By Richard Waters

SUN LIFE, the London-bes insurance company, expects this week to announce the completion of negotiations for Union des Assurances de Paris, marking the first step in its plan to develop a spread of similar international associa-

tions.
The expected announcement will follow several months of intensive negotiation since Mr Peter Grant, Sun Life's chairman, announced that talks were underway at the start of the year. Sun Life had hoped to announce a deal to coincide with the announcement of its annual results in May.

A senior Sun Life director, who yesterday continued the imminence of an announcement about a link with a European insurance company.

pean insurance company, would not confirm that it involved UAP.

However, it is believed that the UAP talks are well ahead of those with other European firms. Mr Grant indicated earlier this year that he was also in discussion with Toro Assi-curazioni, a Turin-based com-pany controlled by the Agnelli

Sun Life's stated plan is to arrange minority cross-share-holdings with a number of other companies in Europe, the US (where it has talked to Equitable Life, the third-largest US life insurer) and the Far

The first part of this involves forming links with European insurance companies in the run up to the creation by 1992 of a single European financial services

market.

A deal with UAP, France's largest inaurance group, would also help Sun Life in its hattle to fend off Mr Donald Gordon, whose South African company Liberty Life indirectly holds 26 per cent

Provided it could win share-holder support, Sun Life would issue new shares to UAP, thus watering down the Liberty

watering down the Liberty Life stake.

An uneasy status quo at Barker

Nikki Tait on the company's prospects of remaining independent

Charles Barker - the troubled public relations, advertising and recruitment company finally waved farewell to prospective groom, WPP Group, last week. But is it now headed for a life of independence ?

In a gossipy industry, the rumours come thick and fast, and everyone has a vested interest to promote. But there seems little doubt that others have been sniffing. Shandwick, the acquisitive public relations consultancy, is understood to

consultancy, is understood to have cast another eye over parts of the business — partly at the internal situation after this prolonged uncertainly.

Analysts, on the other hand, are more inclined to favour Saatchi & Saatchi, pointing to the attractive fit, but dubious about the sort of exit price Britain's biggest advertising group might wish to offer. And even WPP probably retains some interest in the parts of some interest in the parts of Barker which attracted it in the first place - namely the regional advertising agencies, recruitment and public rela-

tions operations.

The Barker share price, it should be said, is carefully hedging its bets. True, the shares, which reached 178p when the bid discussions were first announced - talk was of an offer at 180p a share - fell back to 133p, before a late Fri-day flurry took them 5p higher. But if forecasts around the 24.8m-24.9m pre-tax mark for 1988 are correct, they still stand on an 11 to 12 times mul-

stand on an 11 to 12 times mul-tiple - a premium to the sector. Most observers agree that the situation at Barker looks inherently unstable. The com-pany's origins wing, rather romantically, back to 1812 when James Lawson, the printer of The Times, joined forces with 21-year-old Charles Barker to produce a newsletter Barker to produce a newsletter which was then distributed to regional publishers. The Barker family itself bowed out in the middle of the current century, when clients at a cou-

further dividends for the year

Dukeminster (Section: Prop-

12% Conv. shs.) (Investment

Rentaminster (Third Mar-

tet). Sallmann Barrington Laur-

Seafield (Industrials). Watergiade Intl. Pref. als.

Wells Fargo

& Company U.S. \$150,000,000

Floating Rate Subordinated Notes due 1994

In accordance with the

in accordance with the provisions of the Notes, notice is hereby given that for the Interest period 12th September, 1988 to 12th December, 1988 the Notes will carry an Interest Page of \$156.

Rate of 81/2% per annum.

Interest payable on the relevant interest payment date 12th December, 1988 will amount to US\$214-86 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York

nice (UK) (Property). Seafield (Industrials).

Eurocopy (Electricals). Hampson Inds. 6.5p Net Cum. Conv. Red. Pref. 1991-03

to May 31.

FTRR ALMOST six weeks at the altar, Charles Barker Relative to FT-AAH-Share index 100

> ple of merchant banks came in as shareholders. as shareholders.
>
> But this illustrious past has led to a less settled present. The company arrived on the stock market in mid-1986 with a £30m price-tag. At that stage, it comprised four divisions: a mix of consumer advertising, regional agencies and financial advertising, public relations: advertising; public relations; recruitment services; and some below-the-line operations.

At the time of the float, Barker also acquired Norman Broadbent International, a firm of of executive headhunters, using its newly-quoted paper to fund the deal. NBI's founder, the abrasive Etonian David Norman, became a non-execu-

Norman, became a non-executive director of Barker.

Since then, very little has really gone right - at least in the City's eyes. The shares badly underperformed posticat, with the market's sticky patch, spill-over effects from rival Lopen's disappointing launch, and Barker's diverse nature, variously blayed. The nature variously blamed. The consumer advertising business. morevoer, struggled in 1986 and profits only managed to rise to £3.43m (£2.62m) thanks to NBI's first time contribution of £1.09m.

This less than auspicious start was then followed by a

per cent of NRI, 50 per cent of the company's profits before tax and bonuses, are allocated to a bonus pool for NRI, employees. (Fairly enough, the price to Barker based on 11 times earnings NBI after the

onus pool allocations). expansion into the US recruitment market has been hardied specifically through NBI, while Mr Norman has continued to share these benefits despite his elevation. Not all shareholders, particularly certain ex-staff nembers, have been happy.
Mr Norman defends this

park

- Or Fall

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STAME:

chunky incentivisaton -"these are highly motivated people" - and points out that "the most significant contributor to Charles Barker has been the human resources side". But, as one analyst notes, NHI's profits scarcely show up the rest of the group in a flat-tering light. And, whatever the justification, perceived inequi-ties can do little to create cor-porate harmony.

Handling of the WPP talks hardly seems to have helped matters. For a start, there has been prolonged and all-too-pub-lic uncertainty. Moreover, when the end came, Mr Norman attributed the breakdown to the decline in the WPP share price. But there have been other

on the board in an executive accounts. It was no secret that WPP did not wish to take on Norman Broadbent Interna-Resulting surgery, mean-while, was swift. The below-the-line businesses, the US tional, and the market has speculated that an NBI buyout was part of the overall deal, with British & Commonwealth investor relations operation and consumer ad agency Owen. Wade Delmonte all went. The net result was exceptional costs of almost £1m - and a 26 per cent sag in profits to (a 12 per cent shareholder in Barker) possibly underwriting per cent sag in profits to £2.55m. Consumer agency Ayer Barker is also being slowly dis-tanced. A deal agreed last week allows control to pass to US agency, N W Ayer, in 1990. N W Ayer, which owns 12.5 per the price. This rival account goes on to suggest that failure hinged on the inability amongst all NBI board members to agree a buyout price So where now? Mr Nor-man's public line is that the cent of Barker, also has a pre-emptive right to buy out. Barker's stake in Ayer Barker annual report statement - pre-eminence in advertising, public relations and human resources is still the aim. But, in the words of one observer, "When characters have assumed these if control of Barker Changes.

More recently, the terms of the original NBI deal have hronght new controversy. Although Barker bought 100

characters have assumed these positions, it is very difficult to present the company as an all-singing, all-dancing cohesive group". Whether anyone tries to cash on these misfortunes remains to be seen; certainly, the current status quo looks tribasts.

Speciality Shops puts quote in its sights

THE GROWING vogue for "up-market" shopping centres deals, including a management to the many new traders, and laying on entertainment such laying on entertainmen persuaded Mr David Houghton and Mr Stephen Jaffe, who ran Mount Provincial Develop-ments, a subsidiary of Abaco Investments, the property group, to set up Speciality Shops in 1985.

It brought in investors, started trading in 1986 and now has three centres opeo — in Bristol Maidstone and Chal-

Bristol, Maidstone and Cheltenham – and plans to open two more – in Leeds and Liverpool – one each in 1989 and 1990. And the enthusiasm for the idea has just attracted £15m through a private placing of equity and loan stock.

inical, Speciality Shops has extricated itself from Abaco, although that company, now part of British and Common-wealth, is still a shareholder. Messrs Houghton and Jaffe.

joint managing directors of Speciality Shops, plan to bring the company to the stock mar-ket in a couple of years time, either through a flotation or a

Both Houghton and Jaffe stress that the group is no mere property developer, but takes an active role in managing the centres, ensuring the right mix of tenants, offering

The plan is that the centre becomes a focal point attract-ing shoppers who like the "pleasant surroundings", cleanliness — no dogs are allowed — and safety — Speciality Shops does not tolerate any "nonsense". The shops, Mr Jaffe says, fit into the "philoso-phy of selling good quality products with a personal ser-

The attraction for tenants is that a unit in a centre is usually cheaper to rent than a high street site, and there is the guarantee of customer traffic. Each centre has food on pers like the variety.

A good mix of shops includes members of chains such as FT Share Service Hatchards, the book sellers, The following securities were added to the Share Information Service in Saturday's edition: and Jaeger, the clothing chain, and a variety of small groups, perhaps with only one outlet, specialising in a narrow prod-uct range, or even selling what they produce, such as jewel-(Engineering).
Lincat Group (Industrials).
Optim Group (Electricals).
RIT Capital Partners (Ord. &

Mr Houghton claims to have had no difficulties in turning out unsuccessful tenants, nor of filling any gaps. Unlike many property companies, he says, he welcomes a degree of change in the shops since shop-

S Daniels in the red but TR Trustees postpones agm TR Trustees Corporation has postponed the annual meeting planned for September 23 because of the Post Office dispute, Therefore the directors have decided to substitute a second interim dividend of 1.5p for the final. There will be no further dividends for the year confident on second half

and an exceptional charge in the grocery division have com-bined to send S. Daniels into a £327,000 pre-tax loss for the first half of 1988, a turnround of £793,000.

However, the directors of this food and beverage prod-ucts importer said the group's performance could be expected to improve during the second

PRICE DEFLATION, currency volatility, intense competition and an exceptional charge in dend at 1.25p.

with Mr Norman finally

becoming chairman and chief executive in December 1987. By

the end of that year, none of the directors who saw Barker to the stock market remained

cash being paid on completion. In the first half, Daniels turnover fell to £16.76m disruption may make a delay (£19.88m) and the operating in the payment date necessary. loss came to £219,000 (profit The total dividend for the year £402,000).

Second Alliance The Second Alliance Trust saw its net asset value recover to 971.7p at July 31 against 963.4p at the end of January. But that

was still lower than the 1152.3p of a year earlier. dend at 1.25p.

They also announced the proposed acquisition of the Kluman & Balter Group for a maximum of £3.5m, with £1.7m cash below paid on the control of the usual final because of fears that the effect of postal

is 23p (21p).

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange, It does not constitute an invitation to the public to subscribe for or to purchase shares. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of Ritz Design Group PLC, issued and now being Issued, to be admitted to the Official List.

Dealings are expected to begin on Thursday 15th September,

RITZ DESIGN GROUP PLC

Placing by

County NatWest Wood Mackenzie & Co. Limited of 3,525,746 Ordinary Shares of 5p each at 118p per share payable in full on acceptance

Share Capital following the Placing

Authorised

issued fully paid in Ordinary Shares of 5p each £450,691

issued and to be

Ritz Design Group PLC designs, manufactures and markets ladies blouses, nightwear and lingerie and ladies and childrens

Listing particulars relating to the Company are contained in the new issue cards arculated by Edel Financial Ltd. Copies of the fisting particulars may be obtained during normal business hours up to and including 14th September, 1988 from the Company Announcements Office of the Stock Exchange, 46/50 Finsbury Square, London EC2A 1DD and, up to and including 26th September, 1988 from:

County NotWest Wood Mackenzie & Co. Limited **Drapers Gardens** 12 Throgmorton Avenue London EC2P 2E\$

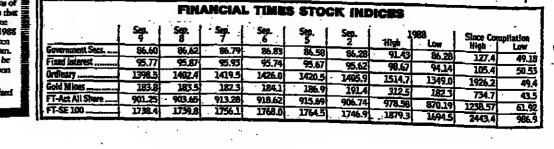
£550,000

Ritz Design Group PLC Dukes Court Macdesfield Cheshire SKII 6NB

Ireland 000,000,000

n accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 9th September, 1988 to 9th December, 1988 has been fixed at 124 per cent per haman. Coupun No. 16 will observe be payable at £1,538.42 per crupon from 9th December, 1988. el Montago & Co. Listined

12th September, 1988



HALF YEAR RESULTS Six months to 30th June 1988 1987 (unaudited) Sales £254.0m Profit before tax £17.4m Earnings per Stock Unit 13.3p 11.4p Dividends per Stock Unit

- * £27m spent on Acquisitions in Automotive and **Building Components**
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John Gardiner Chairman and Chief Executive

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+17% 3.1p +13%

UK COMPANY NEWS

Zurich ready to demolish the doubters

Retail park side **boosts** Citygrove

REFLECTING continued substantial progress in the retail park division, properly developer Citygrove lifted its turnover from £13.3m to 229.2m and pre-tax profit from 2751,000 to 22.28m in the half year ended May 31 1988. After tax and the initial div-

idend on preference shares placed in January, basic earnings were 14.66p (7.24p) and fully diluted 11.12p. The interim dividend is lifted by 1p

Mr David Woolf, chairman, said the outlook for the core businesses operating in niche areas of property development - retail parks, leisure and road-side - continued to be promis-ing and demand remained strong.

He was also expecting the new joint ventures in shopping schemes to be important con-tributors to the group's overall

In retail parks the group had started construction on had started construction on 500,000 sq ft of new premises. In addition, pre-lettings were substantially in place anmed construction was programmed to commence on a further 20 sites totalling 2m sq ft over the 15 months to the end of

November 1989. The roadside division had secured or agreed terms on sites suitable for petrol station or roadside restaurant use in over 40 locations. The leisure side was programmed to start on the Citydome in Watford before the end of the year, and had secured two more sites suitable for leisure develop-

Oceana doubled

Oceana Consolidated Company, investment company, reported pre-tax profits more than doubled from £220,000 from £479,000 in the year to the end of March 1988.

Earnings per share were 5.28p (2.34p) and the single to pass the to maintain been increased to 1.25p (1.1p).

Philip Coggan previews the latest arrival to the unlisted securities market

THE PROPERTY sector has as yet shown few signs of being affected either by last year's stock mar-ket crash or by the City's cur-

enter by the City's current pessimism over British economic prospects.

This week, the fast-growing property sector of the Unlisted Securities Market will gain another recruit when dealings start in the shares of Zurich Group, the development company. Zurich will also shortly make a dramatic alphabetical leap, via a change of name to Associated Holdings.

After several false starts, Zurich has gained a quotation via the acquisition of Ecohric Holdings, the demolition company. With a capitalisation of around £58m, it will immediately become one of the largest companies on the milisted mar-

companies on the unlisted mar-

Zurich's origins date back to 1983 when two accountants, Mr Martin Robinson and Mr Malcolm Wright, formed a private company Thamesdale Properties to convert a pumping station on the river at Richmond into flats and a wine bar.

The following year a further private company: Fine Street

private company, King Street Securities, was formed which worked on developments at Wapping and at Rochester, a

to the Rosehangh Group. The various property interests were then bundled together into the Zurich Group in 1986, a name chosen partly for its aura of solidity and

partly because a group of Swiss investors had been the main financial backers.

It was not long afterwards that Zurich started to think of a quote. And because of Mr Wright's acquaintance with Mr Robert Noonan of Marier Petetre Petetre with grant and property of the property o

Estates, Ecobric quickly came to Zurich's attention.

Ecobric had joined the USM back in 1982 but problems in its foundry subsidiary moved the company into losses the following year. Another year of losses necessitated a rescue package, and the arrival of Mr Ronnie Aitken, a well-known "company doctor" as chair-

However, Ecobric's continu-ing decline was symbolically illustrated when it failed, on television, to blow up a block of fats at Ronan Point in east London. In 1986, another finan-cial restructuring was planned and Mr Michael Eaton, best known for his role as spokes-man for the National Coal Board during the miners' strike, was brought in as chief



Martin Robinson: cautious

wecutive.
When the planned rights issue fell through because of legal problems, Marler stepped in as saviour, taking 64 per cent of the Ecohric equity as part of a f3m refinancing pack-

The original plan was for Zurich to be injected into Ecobric via a reverse takeover. However last October's stock market crash disrupted the original deal and made its structure look unwieldy. "If we

had continued with a reverse takeover, we would have been left with a buge goodwill ele-ment and a big bill for stamp duty explains Mr Robinson, the firence director.

the finance director. Instead, after much negotia-tion with the Stock Exchange, Zurich decided to buy Ecobric, rather than the other way rather than the other way round. The deal was accompanied by a placing to rise 545m for the new group. Marier ends up with 6.7 per cent stake and another major shareholder, with 17.7 per cent, is Mr Andrew Millar, the former chairman of Benlow Holdings.

Ecohylic had been forecasting

Ecobric had been forecasting a £900,000 profit but after Zurich went through the figures, that profit was quickly revised into a £150,000 loss. "They couldn't cost their contracts adequately" said Mr Robinson. The problem on many demo-

lition contracts is that the com-pany is required to buy the land and everything on it. Thus, demolition groups have to calculate in advance how much they can get for the vacant site, how much the debris will be worth, as well as how much it will cost to knock the building down. However, the corollary is

that demolition throws up some interesting property

development possibilities and that is one of Ecobric's main attractions to Zurich.

Zurich describes its developzurich describes its develop-ment philosophy as "cautious". "We like to buy land, improve it and then bring in an outside partner" says Mr Robinson. That approach reduces the risk to Zurich, as does its policy of restricting its borrowings. Gearing is currently running at around 15 per cent and Zurich believes it 'could "ride through" a recession.

Until now, most of Zurich's development projects have been residential but Messrs Witcht and Polincon want to

be flexible enough to move into office, commercial or industrial developments wherever the opportunities arise.

£124,000 in the year to April 31, 1985 to £4.06m last year and Zurich is forecasting profits for £6m for the nine months to

January 31, its new year end.

Many have doubts about
how long the recent property
boom will last, but Zurich says
that if only some of its current discussions come to frution, it will have at least two years of development work. By that time, and renamed as Associated, the group hopes to have moved to the main market.



THE KINGDOM OF DENMARK

Yen 10,000,000,000 **Yield Curve Notes Due 1991**

In accordance with the provisions of the Notes, notice is hereb given that for the period from 12th September, 1988 to 13th March, 1989, the Rate of Interest will be 3.465% with a Coupon Amount of Yen 34,650 per Yen 1,000,000 Note. The next into ment date being 13th Merch, 1989.

> CHEMICALBANK Agent Bank

Crossland Savings, FSB U.S. \$100,000,000

Collateralized Floating Rate Notes, Series A due December 1997

the duran months 6th September, 1986 to 5th December, 1986 the Notes will carry an interest rate of 81% & per annum with an interest amount of U.S. \$2,227.60 per U.S. \$100,000 nominal. The relevant interest payment date will be 8th December, 1988.

Listed on the Luxembourg Stock Exchange

A Company, London Bankers Trust

Agent Bank

Triangle Trust reduces loss in first half

Triangle Trust, formerly Sharna Ware, reduced its interim loss for the first half of 1988 to £31,000, against £257,994 last time. In 1987 the Manches-

ter-based toy maker made a profit of £288,000.

All of the present loss was incurred on continuing activities, against £51,000 in 1987s first half. Turnover fell to £2.8m (£4.14m) and after a tax credit of £11,000 (£54.000), earn-

ings per 200 share came out at 0.290 (4.71p).

Directors have again decided to pass the interim but intend to maintain the final at last

BOARD MEETINGS

The following compenies h	me collect dates
of board meetings to the	Stock Exchange
Such meetings are usually	held for the pur-
powe of considering divides	uda. Official Indicat-
tions are not available a	a to whether the
dividends are jeteries of f	trate and the sun-
divisions shown below are	Deced Servin 00
last year a timelphica.	

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ents of The Stock Exchange. It does not constitute an offer or an invitation to subscribe for or purchase any

INTRODUCTION TO THE OFFICIAL LIST

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nt amhorised and issued share capital of Electron te PLC ("Electron House") is as follows:

Ordinary Shares of 10p each ence Shares of £1 each

Electron House is a franchised distributor of electronic Application has been made to the Council of The Stock Exchange for the admission to the Official List of 17,104,938 Ordinary Shares of 10p each and 3,635,710 Prefer of £1 each in Electron House, These shares have formenly been dealt in on the Unlisted Securities Market. Details relating to Electron House and the above shares are available

og member firm is Casenove & Co. Copies of the listing particulars may be obtained during usual as hours on any weekday (Saturdays and public holidays excepted) up to and including 28th September, 1988 from:

in the statistical services of Extel Financial Limited. The

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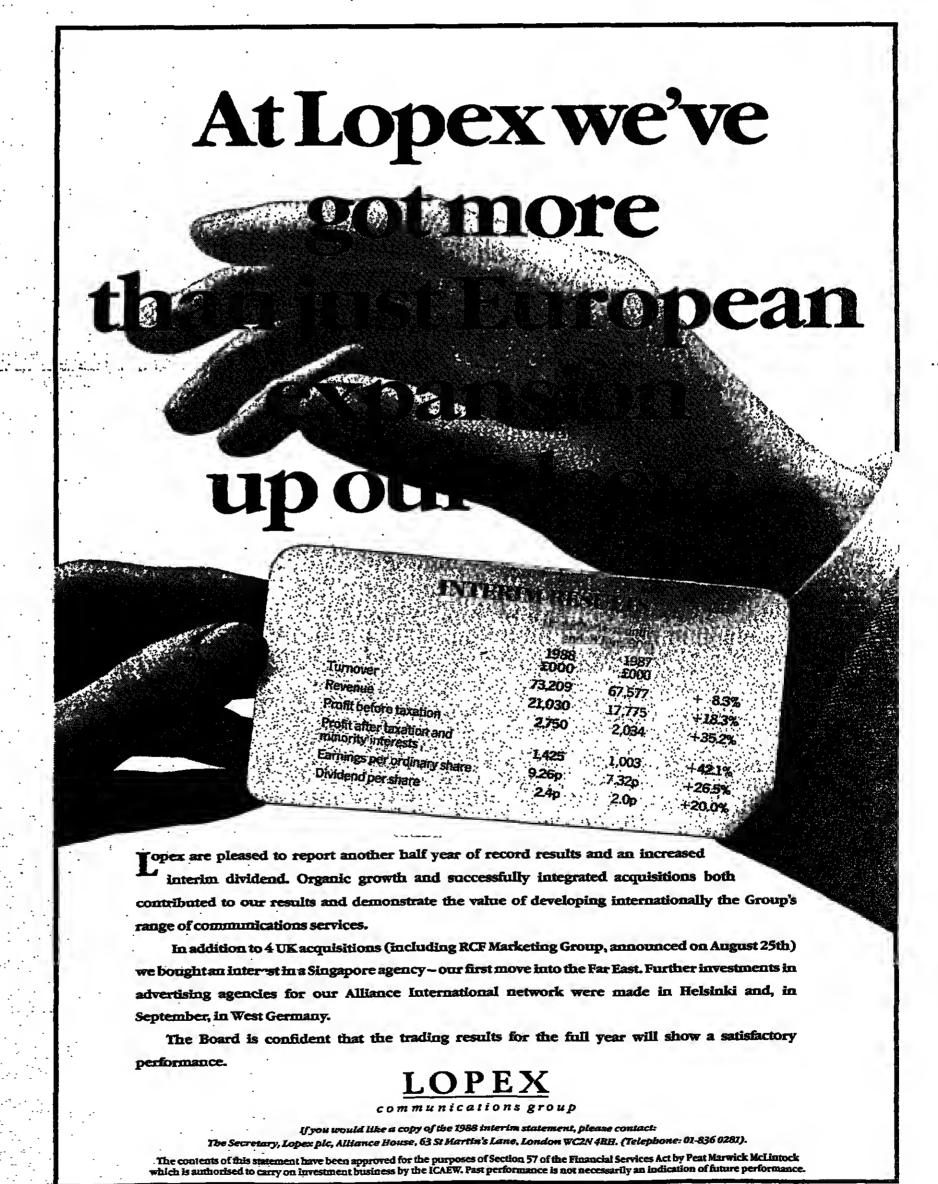
St Swithin's Lane

The International Stock Exchange don EC2A 1OD



The Chase Manhattan Corporation U.S. \$400,000,000

Floating Rate Subordinated Notes due 2009 For the three months 8th September, 1988 to 8th December, 1988 the Notes will carry an interest race of 8%% per annum with a coupon amount of U.S. \$216.44 per U.S. \$10,000 Note, payable on 8th December, 1988.



FT UNIT TRUST INFORMATION SERVICE

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ACROSS

1 They call some odd, infre-1 They call some odd, infrequent, but regular visitor this (7,5)
10 Subsequently a leader starting from side-shoot (7)
11 Tell about alien visitor on island (7)
12 Chain of gargantuan description (5)
13 Belief in church furnishing (8)

(8) 15 Men cried up for lack of

forethought? (10)
16 Athlete's stuff (4)
18 Taking a tenth part of

entrance money (4) 20 Dramatic effect of a decep-

tion on people (10)
22 Implicit quality of public

individual (8)
24 In plainer terms "sluggish"

26 Openings for atoms to be split by military body (7)
27 Bird with drink trouble (7)
28 Courage shown by starter using cap-remover (6,6)

DOWN
2 Behaved in unruly manner and played to the gods? (5,2)

3 Flower found by bird on short branch (8)
4 University not easy to get into (4)
5 Shrauk from agreement with journalist (10)
6 Way colour becomes muddled (5)
7 Shoe found in coach (7)
8 Work of removal firm's financial centre? (8,5)
9 Decision to show resolution (13)

(13)

14 Conveyance taking everyone to the west, though intended to prevent it (6,4)

17 Show forbearance (8)

19 Article on body odour doctor sees as threat to society

For EBC Assers we Desired Trest Mags

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(3,4)
21 Repeat part of waiter at Edinburgh (7)
23 Plot exposed in pamphlet (5) 25 About as far as we can see

The solution to last Saturday's prize puzzle will be published with names of winners on Sat-urday September 24.

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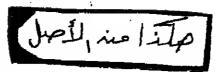
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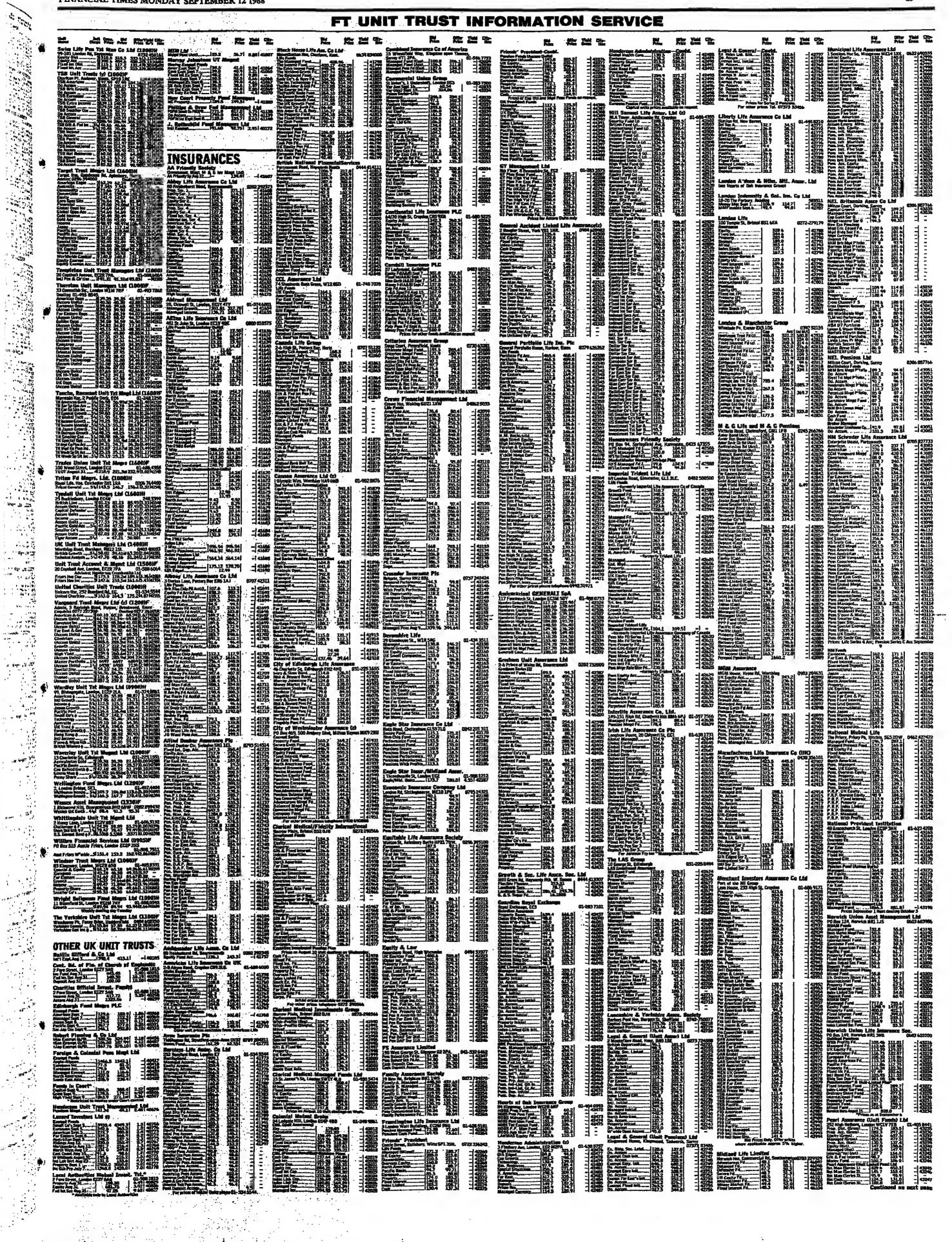
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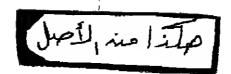
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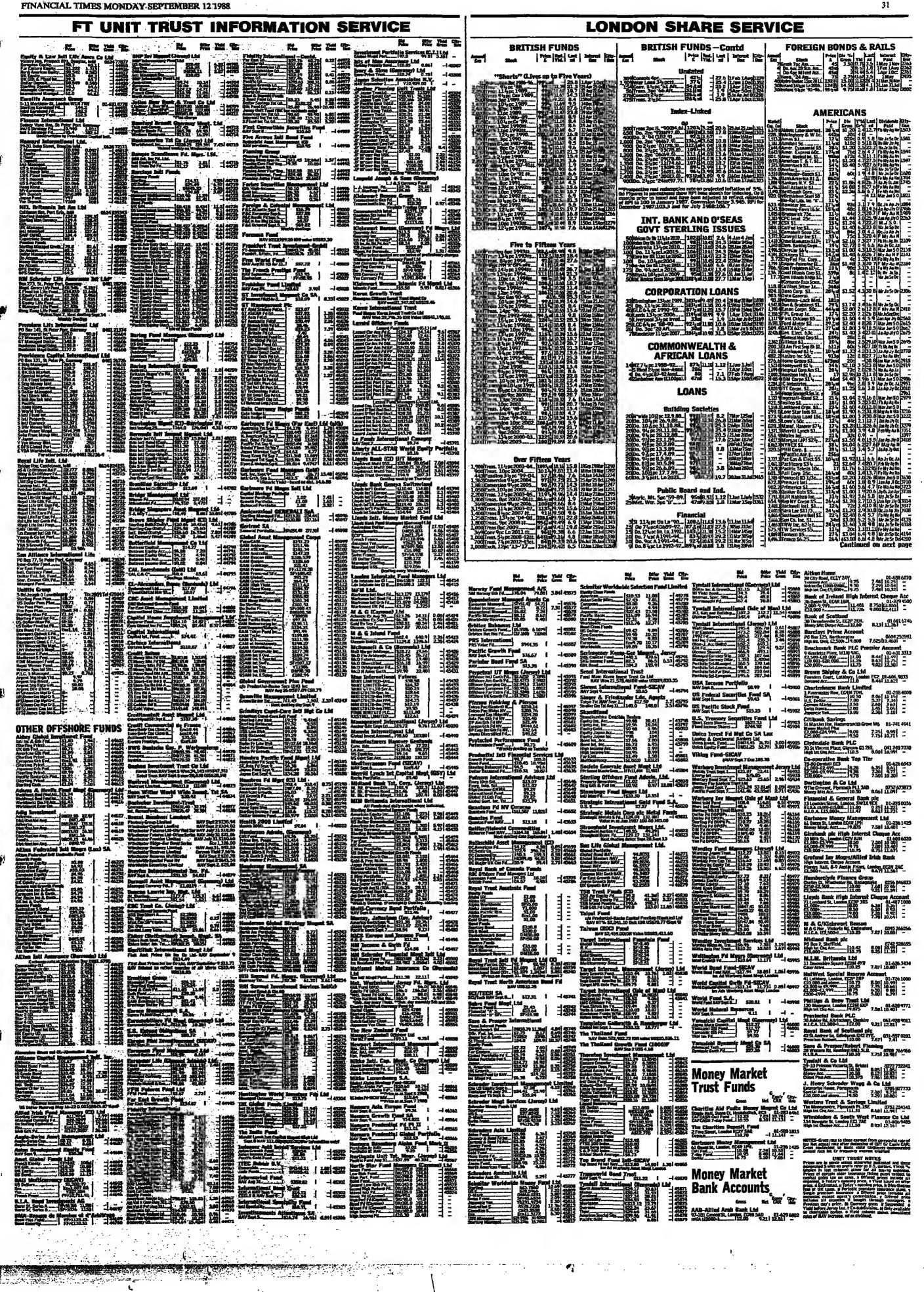
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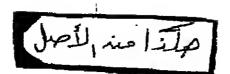
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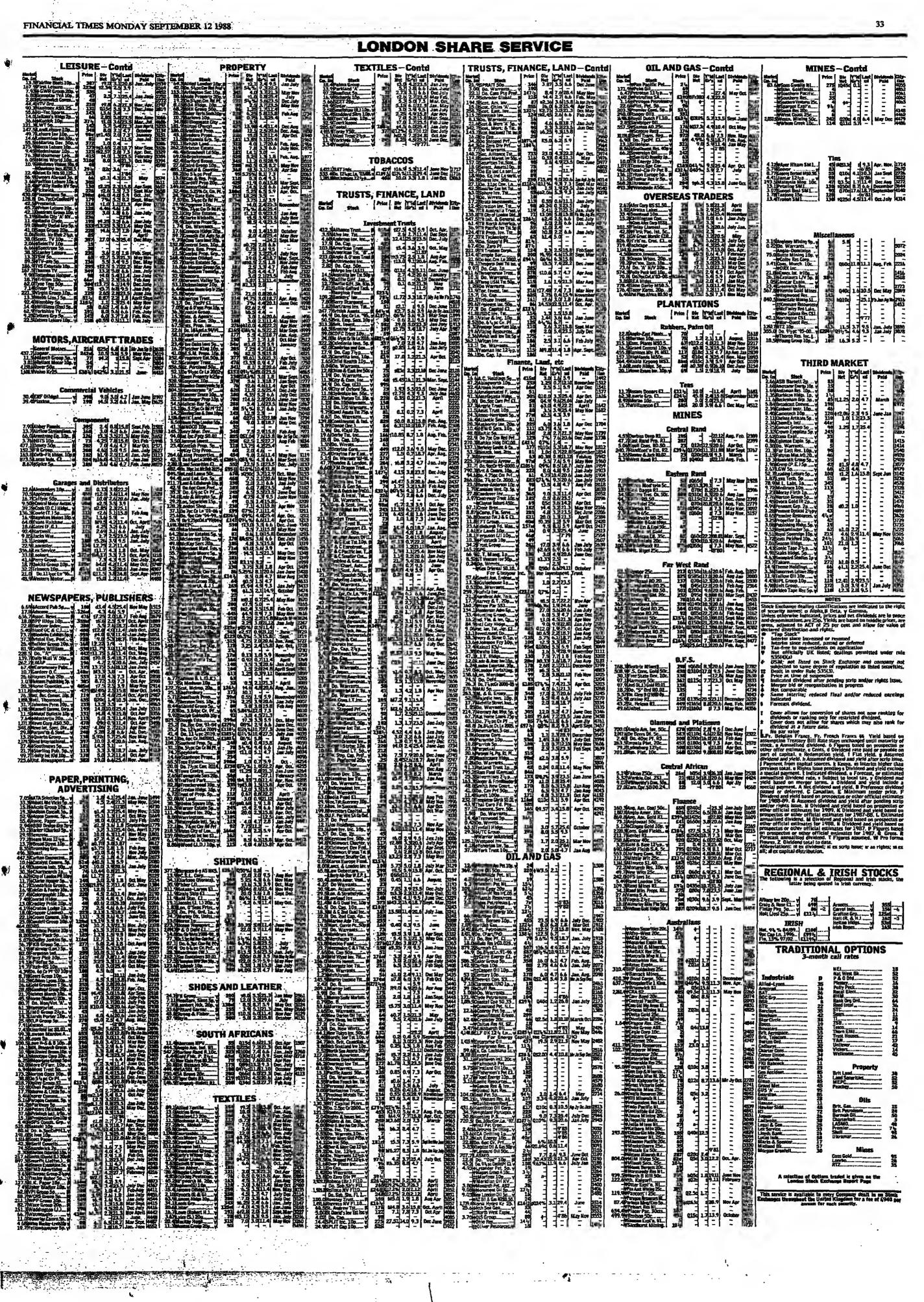
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CURRENCIES, MONEY AND CAPITAL

FOREIGN EXCHANGES

Sterling finds it hard to break the oil link

By Colin Miliham

OIL PRODUCTION is now a relatively small part of the total UK economy, and it may be assumed that sterling has become less vulnerable to fluctuations in the price of North Sea crude.

This does not appear to be trus however, according to Mr Neil MacKinnon, senior economist at Chase Manhattan Secu-

rities. Figures based on oil prices and the pound's exchange rate index have shown a remarkably Mar ster aroi falli

The main question posed by this information is will the trend continue? Mr MacKinnon admits to be surprised that the two have remained linked together in this way, but he believes the prospects for both oil prices and the pound may not be too bright.

This is against the background of the need for Iran and lraq to sell oil to repair war torn economies, while sterling is likely to remain a victim of a deterioriting trade pesition become increasingly testing for the round.

and County NatWest 0.7 p.c. But Chase Manhattan Secuthe pound.
If sterling successfully hur-

dles this week's news if will be faced with the higher fences of money supply and bank lending figures the following Tuesday, and the size of the August trade deficit on September 27.

Today's figures on retail sales should show some slow-

down from the strong July rise of 2.4 p.c. The median forecast for August is for a rise of 0.5 p.c., according to MMS Interna-

rities has revised up its esti-mate of retail sales growth to 1.4 p.c., and suggests that the consumer is showing immunity to higher interest rates. Chase believes retail sales will remain strong until the end of the year.

August producer prices are also due today, with the aver-age forecast for unchanged sea-sonally adjusted input prices, and a rise of 0.2 p.c. in output

production could be down 3 p.c. according to MMS, but the median forecast is for a fall of

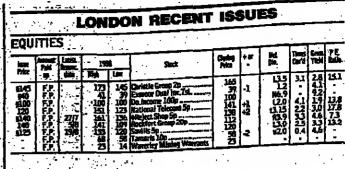
0.9 p.c. in June.

Manufacturing production should rise however by about 1 to 2 p.c. according to City forecasts, but Warburg says this will not provide guidance on whether demand and output growth are moderating, because the figures are some-what historical and irrelevant

to this question.

ter, according to RZW, and the recent rise in interest rates should be sufficient to put a floor of DMS-13 under the

News later in the week on UK inflation is likely to be mixed according to most forecasts. Thursday's average earnings figure for July is widely expected to be unchanged at 8.5 p.c., but the August retail prices index on Friday is likely



FIXED INTEREST STOCKS Pald Price

ably strong correlation since March, with crude prices and sterling reaching a peak around April to May, hefore falling back.	deteriorating trade position. Trends in UK inflation will be highlighted by this week's batch of economic data, during a period which is likely to tional. James Capel thinks the rise will be as low as 0.2 p.c.; Warburg Securities expects 0.3 p.c.; Kleinwort Grieveson 0.5 p.c.;	prices. Industrial production figures for July will reflect the loss of oil production caused by the Piper Alpha disaster. Overall	Barclays de Zoete Wedd aaks whether the UK trade mess is because of lack of industrial competitiveness or on account of over strong domestic	to rise at least 0.9 p.c. • with higher mortgage payments contributing 0.7 p.c. • to take year-on-year inflation up to 5.5 p.c. from 4.8 p.c.
£ IN NEW YORK	EMS EUROPEAN CURRENCY UNIT RATES	PHILADELPHIIA SE E/S OPTIONS 512,500 (conts per SE)	LENGON SE E/S OFTENS (12,500 femis per \$1)	
Sept.9 Close Previous Close \$ 5pot	Ecu	Strife Price See 0c1 Rev Dec: See 1.660 9.40 9.40 9.40 9.50 9.73 0.01 1.625 7.00 7.18 7.48 7.84 0.07 1.650 4.55 5.11 5.99 6.11 0.13 1.675 2.37 3.38 4.02 4.65 0.47 1.700 0.91 2.05 2.77 1.46 1.25 1.73 2.90 3.04 1.750 0.04 0.46 1.24 1.85 5.30 Previous day's valueue: Calla 15,843 Pats 29,137 Previous day's valueue: Calla 15,843 Pats 29,137	Puts Calls-cet C	Control Cont
8.30 am 75.7 75.8	Changes are for Ecs. therefore positive change denotes a weak corrency Adjustment calculated by Financial Times.	LIFFE LINE GLT FUTURES OFTENS	LIFFE US TRUSTINY SOME FUTURES OFFICES	LIFTE FT-SE DIMEX PUTURES SPEEMS
8.30 am	POUND SPOT- FORWARD AGAINST THE POUND	Strike Carls-settlements Puts-settlements Price Dec. Mark Dec. Mark 190 348 429 16 33 49 40 61 147 129 151 51 96 21 61 253 301 98 7 30 437 301 434 100 3 16 635 620	Serie Cathe-actionness Post-actifements Process Communication Communicat	Strike Californians Puto-extinents Price Californians Price California
CURRENCY RATES	Canada 20085 21085 21090 21040 035-023cm 145 104-087pm 181 Netherlands 3534-3544 3534-3545 17-14cm 5.93 593-54-5pm 4.56 Belgium 565.95-66.00 65.70-65.80 27-19cm 420 81-69pm 4.56 Denmark 12.025-12.064 12.054-12.064 47-21-prepn 3.17 113-104-pm 3.67 Ireland 11665-1175 11705-11715 0.40-01.5ppm 3.84 125-130-pm 4.53 W. Germant 3.13-3144 3134-3144 17-13-pm 6.69 59-39-39-pm 5.89	Estimated volume total, Calls 576 Pats 1506 Previous day's open lot. Calls 14472 Pats 24737	Estimated volume total, Calls 314 Pats 517 Previous day's open lat. Calls 6058 Pats 2010	Estimated volume total, Calls 0 Pats 0 Previous day's open let, Calls 3 Pats 140
Sept.9 Bank Special* European Currency Vertex Vertex	reland	LETTE 2/5 SPTEMS	LIFFE EUROBOLLAR OPTIONS Sim points of 200%	LEFFE SMILET STEELING
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Swedish Krouz. 812 8.32794 7.19290 Switss Franc. 212 2.02937 1.75130 Greek Drack. 2012 N/A 168.318 Irish Punt. 0.997678 0.772714		LONDON (LIFFE)	CHICAGO	
"All SDR rates are for Sept.8	Ireland: 1.4475-1.4550 1.4490-1.4500 0.17-2.21cds -1.57 0.44-0.546s -1.35 Cauda: 1.255-1.2405 1.2390-1.2400 0.15-0.1901s -1.65 0.54-0.61dts -1.35 Retherlands: 2.0790-1.20900 0.850-0.20870 0.48-0.45cpm 2.1 1.47-1.43cpm 2.79 Beigium: 38.60-38.90 38.70-38.80 4.00-2.00cpm 0.93 10.50-6.50cm 0.98	29-YEAR 12% NOTHINNAL COLT \$50,000 32nds of 190%	J.S. TREASURY BONDS (CRT) 8% S106,000 Sands of 100%	JAPANESE YEK (RINK) Y12.5u S pir Y100
CURRENCY MOVEMENTS	Belgium 7.084 - 7.104	Close High Love Proc.		
Sept.9 Bank of Morgan Gazzanty Changes %	13/5 1384 1383 1384 4.50-5.50 1605 4.35 9.80-11.8005 -3.13 15000 4.50	Sep 92-26 93-01 92-26 92-27 Dec 93-16 93-22 93-11 93-14 Estimated Volume 13984 (16261) Previous day's open int. 30665 (31724)	Close High Law Pres. 99-04 89-07 88-01 88-10 88-17 88-07 88-07 88-07 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-07 88-08 88-	Choic Right Law Pres. Choic O.7550 0.7477 0.7485 Dec 0.7550 0.7590 0.7540 0.7549 Mar 0.7616 0.7648 0.7615 0.7615 Jan 0.7690 0.7685 0.7685 0.7690
Sterling	Serdes 6.395 - 6.42 6.405 - 6.41 1.00-1.30erdis -2.16 3.10-3.50dts -2.06 1.00-1.30erdis -2.16 3.10-3.50dts -2.16 3.10-3.10-3.50dts -2.16 3.10-3.50dts -2.16	7-16 YEAR 7% NOTERNAL GELY \$50,000 32min of 100%	Sep 86-27 86-27 85-29 86-01 Dec 86-11 86-11 85-23 85-08 Feb 85-28 85-28 85-08 85-03 Jun 85-14 86-12 85-08 86-07 Dec 86-19 85-00 88-08 86-07 Dec 86-19 85-00 85-00 85-03	DELL'ESCHE MAIN COMP DM125,000 S per DM
U.S Dollar	Switzerland. 1.5555 - 1.5655 1.5615 - 1.5625 0.63-0.60cpm 4.73 1.88-1.83pm 4.75 † UK and Ireland are quoted in US currency. Forward premises and discounts apply to the US dollar and not to the individual currency. Belgium rate is for convertible francs. Financial franc 39,20-39,30.	Close High Line Pres. Sep 92-20 92-23 Dec 92-29 92-23	Dec. 84-19 83-26 Mar 84-06 83-13	Close High Low Pres. Sep 0.5410 0.5430 0.5403 0.5429 Dec 0.5455 0.5476 0.5446 0.5466 Mar 0.5499 0.5520 0.5300 0.5510
Galider	EURO-CURRENCY INTEREST RATES	Estimated Volume 0 00 Previous day's open int. 1065 (1065)	U.S. THEASTER BULS (DOID) Slow points of 190%	
Yet 239.6 476.9	Sept.9 Short 7 Days One Three Six One	6% HOTHHAL LANC TERM JAPANESE COVT.	Sep 92.75 92.75 92.68 92.72	TIMEE-MONTH EURODOLLAR (MAN) Sim points of 189%

Estimated Volume 325 (631) Previous day's open int, 512 (524)

Est. Vol. (Inc., figs, pot shown) 14360 (23065) Previous day's open lot, 44119 (44535)

Estimated Volume 3080 (2967) Prantous day's open lat, 12013 (12215)

US TREASURY BONDS 8% S100,000 32mb of 100%

Estimated Volume 16153 (7637) Previous day's open int. 8822 (8652) CURRENCY FUTURES

LIFFE-STERLING 625,000 \$ per 6

Estimated Volume 1 600 Previous day's open int. 220 (220)

POUND-S (FOREIGN EXCHANGE)

AMPRICATE STATE

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1-mth. 3-mth. 6-mth. 12-mth. 14924 14815 16682 16465

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		Ind	ec	Changes %	Harly	- 1375	5 - 1384 87 - 6.89	1383	312 - 13B4	10.20	1-5.50 lired -3.05 credit	5 -5.0	9.80	11.80ds 5-9.55ds	-3.13 -5.44 0.13
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MONEY MARKETS

Little change in world rates

approaching large batch of eco-nomic news - the future direction of interest rates will depend on events in Europe the US and Japan. Europe is unlikely to provide

much guidance. West Germany seems determined to pursue a steady course on interest rates, following the D-Mark's recovery against the dollar.

The present situation in the EMS also points to no early change in German rates.

France would like to reduce

France would like to reduce rates, hut can hardly do so when the D-Mark is at record levels against the franc.

This leaves Japan and the US, and on balance rates in

APART FROM the domestic scene in the UK - with the approaching large batch of ecoson to increase rates. Inflation is very low, despite strong growth, and the yen appears to UK clearing bank less londing rate 12 per cent from August 25 & 26

have bottomed out against the

dollar, without any action from the Bank of Japan. Japan's August trade sur-plus will be released today, and according to Nomura Research

FT LC	NDON INTE	RBANK F	TXING
(11 00 a.m. Sept. 9)	3 months US dollars	& month	s US Dollars
24d 84s	ofter 8%	38 MG	offer 813

BANK OF	ENGL	AND TI	REASURY BIL	L TEN	DER
	Sept	9 Sept.2		Sept. 9	Sept.2
Bolis as offer Jotal of accitications Jotal allocated Managen accepted bid Literacet at minimum level	£100 £100	m £103m m £100m 00 £97.095	Top accepted rate of discount. Average rate of discount. Average yield Automotion offer at next tends	11.5509	11 35
WEEKLY (HANG		ORLD INTER		
DNDON	Sept.9	change	NEW YORK	Sept.9	change
Base rates	12	Unch'd	Prime rates	10	Liech'd
day Interbank	10>	-14	Federal Funds	81	+0.07
month (ptertack	12.5	0.0546	6 Mish Treasury Bills	733	#0.00
Red 1 Bills	11 -	Unctrd	3 Mtsb. CD	6325	-0.200
8ano 2 846	114	tinck d	FRANKFURT		i
Band 3 Bells	143	Unch'd	Lombard	5 00 4.800	ويجميا
3 Mith. Treasury Bill	111	-3	One noth Interbank	4.800 4.925	-0.275 -4.006
1 Mth. Bank B-lb	115	- 12 - 12 - 24		4.743	7.000
3 Mets, Benk Bills,	114	-2	PARIS Interneution Rate	6.75	Sact'd
QiCYO Que month Billis	4.34375	+0.1875	One milk, interbank	7/2	+4
Three month Bills	4.21625	#0.1225	Three steath	812	-4
RUSSELS		!	HILAN		I
One month	71.	Unck'4	One month	105	+2
Three mooth	71/2	+4	Three meath	114	1 +2
			i Dublin i		Į.
MSTERDAM One month	5 45 5.51	+0.0750	One month	71,	Unch'd

dollar is to be averted. The median forecast for the US trade deficit (seasonally adjusted) is \$11.5bn, against \$12.5bn in June.

Pressure for higher US inter-

Pressure for higher US interest rates has eased, following the weak August US employment data, and unless the trade news is a surprising disaster, the Federal Reserve will probably continue to tread a steady path on rates.

	M	ONEY	RAT	E\$		
NEW YORK			Treasury	Bills and I	Bonds	
Apm) Time rate	10 Tr	re month ret month ret month re year		7.21 Foury 7.52 Flugg 7.81 Seets 8.03 10-year		8.57
Sept.9	Overnigte,	Gree Mooth	Tyro Months	Three Months	Six Months	Lombard Intervention
renicture arts mrick mrick msierdant okyo Niae nuseets	4.75-4.85 78-78 15-15 5.37-5.47 3.84375 104-104 7.40 74-74	4.75-4.85 714-73 314-33 5.40-5.50 4.3-07-5 1114-113 714-73 714-73	4.80-4.90 73-8 712-714	4,85-5,00 81-81 31-31 5,46-5,56 4,216,25 117-117 74-74	5.15-530 84-84 84-85	5.00 6.75
L	ONDO	N MC	NEY	RATE	S	
Sept.9	Overnight.	7 days notice	One Month	Three Months	Six Months	Que Year
sterbank Offer sterbank 8 lot sterling CDs, scal Authority Deps, scal Authority Boods, scount Mik Deps, scount Deps, scount Mik Deps, scount Deps, scount Mik D	10 101 ₈	103 ₂ 100 103 ₂ 103 ₄	75 75 75 74	12 12 12 12 12 12 12 12 12 12 12 12 12 1	7% 7% 7% 7%	7/1 8 7%
Treasury Bills (self) ne-month 11 is per ce scount 11.509 p.c. i scount 11.5509 p.c. i & iii: 12.72 p.c. Refu 1.364 p.c. Local Auti	m; three me ECGD Fixed September.2	Rate Sterik 6,1988 to 0	per cent; Tro og Export Fil otober 25 , J ov 30 1988 ;	easury Bills; nance, Maki 1988, Schem 10 August 31	Average to up day Aug e I: 12.27 p i . 1988. Sc	Mer rate of L31 , 1988, .c., Schemes heme IV&V:

sk per SD	(12,500 femits per (13)	<u> </u>
Sep Oct Nov Dac Sep Oct Nov Da	0c. Nov Dat Price Sey 0c. 0.26 0.75 1.46 1.650 5.10 5.60 0.46 1.25 2.02 1.700 1.30 2.50 0.96 1.97 2.79 1.750 0.40 1.85 1.87 2.85 3.87 1.800 0.35 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 1.85 0.30 0.45 1.85 1.85 1.85 0.30 0.45 1.85 1.85 0.30 0.45 1.85 1.85 1.85 1.85 1.85 1.85 1.85 1.8	### Comparison Pro-mathemats Pro-mathemats
Calls settlements Publishments	LIFFE US TRICKSURY SOME FUTURES OFFICIALS Strike Calis-actionnus Pros-actionnus	LIFFE FT-SE DISSIX PATURES OFFISHS Strike Californias Puts-settlements
Carlo entitlements Dec. Mar Dec. Mer De	Prior Dat Mar Dat Mars 34 Mars 34 Mars 35 Mars 36 Mars 36 Mars 36 Mars 37 Mars	Strike Californitisments Pats-artitements Price Sep Oct Sep Oc
Nume total, Calls 576 Pots 1506 's open Int. Calls 14472 Pots 24737	Estimated volume total, Calls 334 Pets 537 Provious day's open let, Calls 6058 Pets 2410	Estimated, volume total, Calls O Pats O Previous day's open lat. Calls 3 Pats 140
PTIMES ets per SI)	LIFFE TURNSULLAR OPTIONS Sim points of 100%	LEFFE SHORT STERLING
Calif-settlements Sep 0.c. Sep	Strike Calis-settlements Pats-settlements P	Style Californitiements Pats-artitements Price Sep Dec Sep Dec Bec Broom 71 1072 0 24 8775 48 84 2 31 8775 25 67 4 32 8800 2 41 31 63 8800 0 23 79 75
slume total, Calls 0 Pots 225 's open let. Calls 753 Pots 1967	Estimated volume total, Calls 65 Puts 230 Previous day's open int. Calls 3057 Puts 4469	Estimated volume total, Calls 919 Pals 1396 Province day's open int, Calls 24889-Puls 20317
(LIFFE)	CHICAGO .	
% NOTHERNAL COLT ads of 190%	J.S. TREASURY MONES (CBT) 8% \$100,000 32mb of 200%	JAPANIESE YEK (RINI) Y12.5m S per Y100
Close High Low Press 92-28 93-01 92-28 92-27 93-16 93-22 93-11 93-14 clarate 19984 (1626.1) 's open int. 30665 G17240	Close High Low Pres.	Cinct Right Law Pres. \$40 0.7580 0.7590 0.7540 0.7540 0.7540 0.7550 0.7590 0.7540 0.7540 0.7545 0.7615 0.7615 0.7615 0.7615 0.7615 0.7615 0.7615 0.7610 0.7690 0.7685 0.7685 0.7690
7% NOTHINGS CO.T	Sep 86-27 86-27 85-29 86-01 Dec 84-11 86-11 85-23 85-08 Har 85-28 85-28 85-09 85-05 Jan 85-14 86-07 85-09 Sep 85-00 85-00 84-06 84-07 Dec 84-19 - 33-24	BEUTSCHE MARK GRAD BRIT25,600 S per Dig
Glose High Low Pres. 92-20 92-23 92-20 92-23	Mar 84-06 85-13	Core High Low Free. Sep 0.5410 0.5403 0.5403 0.5403 Dec 0.5455 0.5476 0.5446 0.3466 Mar 0.5499 0.5520 0.5500 0.5510
plance 0 000 's open Inc., 1065 (1065)	U.S. THEASTIRY BULLS (DATE) Slam points of 1,00%	
AL LANG TERM JAPANESE GOVT.	Sep 92.75 92.76 92.75 92.68 92.72 Dec 92.71 92.73 92.64 92.64 Mar 92.73 92.74 92.63 92.64	THREE-MORTH EPHRICAL (AR (MARK) SIm points of 180% Close High Low Prev.
Cose High Low Pres. 100.84 101.02 100.80 100.90 99.75 99.60 99.60 99.68 shane 325 (631) 5 open int, 512 (520)	Har 92.73 92.74 92.63 92.64 92.64 92.66 92.69 92.86 92.86 92.86 92.45 92.45 92.31 92.33 92.25 92	Sep 91.65 91.67 91.95 91.60 Dec 91.29 91.39 91.11 91.19 Mar 91.38 91.40 91.22 91.28 Jun 91.16 91.16 91.02 91.05 Sep 90.98 90.98 90.96 90.89 Dec 90.85 90.85 90.73 90.77 Mar 90.81 90.81 90.70 90.73
THE STEEL DISC.	The state of the s	90.76 90.76 90.65 90.68
Close Nish Low Pres. 87,71 87,73 87,63 87,64 87,78 87,82 87,74 87,79 80,24 58,25 86,15 88,22 86,51 86,52 86,48 88,50	SWISS FRANC (DAN SFr 125,000 5 per SFr	STANDARD & POORS 500 INDEX 5500 (Lone larke)
; figs. not shown) 14360 (23065) s open lot, 44119 (44535)	Sep 0.5000 High Law Prot. Dec. 0.6407 0.6428 0.6379 0.6415 0.6417 0.6415 0.6471 0.6417 0.6417 0.6550 0.6557 0.6545 0.6563 1m 0.6632 0.6643	Cloge High Low Prev. Sep 256-25 290.0 253-20 256-10 Dec 269.00 271-40 255-40 258-40 Mar 271-35 273-70 258.00 270.80
NOEX bules point	May 0,6550 0,6567 0,6545 0,6560 Jun 0,6632 0,6643	Dec. 269.00 271.40 265.40 268.40 Mar 271.35 273.70 268.00 270.80 Jun 273.15 275.70 270.50 272.60
Clost High Low Pres. 173.20 174.00 171.50 173.65 175.20 176.10 173.55 175.70	BASE LENE	DING RATES
dutte 3080 (2967) s open lat., 12013 (12225)	ABN Bank 12 City Merchants B	Sank 12 MatWestumster 12
TH EUROOLLAR	Adam & Company	12 Hurthers Bank Ltd 12 Sorwich Gen. Trist 12
Close High Low Pres. 91.59 91.64 91.58 91.57 91.18 91.24 91.11 91.16 91.28 91.34 91.22 91.25 91.06 91.12 91.10 91.04	Alfied hish Bank	PRIVATE PRIV
. figs. not shown 7202 (4509) s open int. 42034 (42323)	B & C Merchant Bank 12 Equatorial Bank Banco de Bilban 12 Exeter Trust Ltd.	125 Smith & Williams r Secs. 12
ry BORRS 8% mb of 199%	Bank Happalion 12 Financial & Gen. Bank Lenni (UK) 12 First Rational Ba	

	%	7	4 %
ABH Bank		City Merchants Bank 1	2 Mat Westminster 12
Adam & Company	12	Chydesdale Bank 12	2 Herthera Back Ltd 12
AAB-Allied Arab Bk.		Comm. Bk.N. East 12	2 Morwich Gen. Trest 12
Allied Irish Bank		Co-operative Bank "12	2 PRIVATbankes Limited: 12
Heavy Acstracter		Coetts & Co 12	
ANZ Bastlong Group	12	Cyprus Popular Bk 12	
Associates Cap Corp	10	Desbar Bask PLC 12	
Authority Bank	12	Duncas Lawrie 12	
B & C Merchant Bank		Equatórial Bank pic 12	2 Royal Trust Bank
Banco de Billinas	12	Exeter Trust Ltd 12	212 Smith & Williamst Secs 12
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COLO P	• •.	\$ 420	-	9.86	20	8.30 ± 88		v, 88	\$ 425	3.6
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KNP C KNP P NEDLLOYO NEDLLOYO	ç	FL 190 FL 160 FL 230 FL 220 FL 60	27622855	1.80 0.70 0.80 1.0.50 1.2 0.50 0.40 1.50 0.40 2.40 4.70 7.50 1.10		7.00	=	=	FL 53 FL 35 FL 35 FL 61 FL 61 FL 64 FL 34 FL 7 FL 7 FL 62 FL 62 FL 62	5
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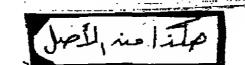
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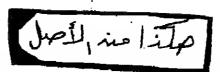
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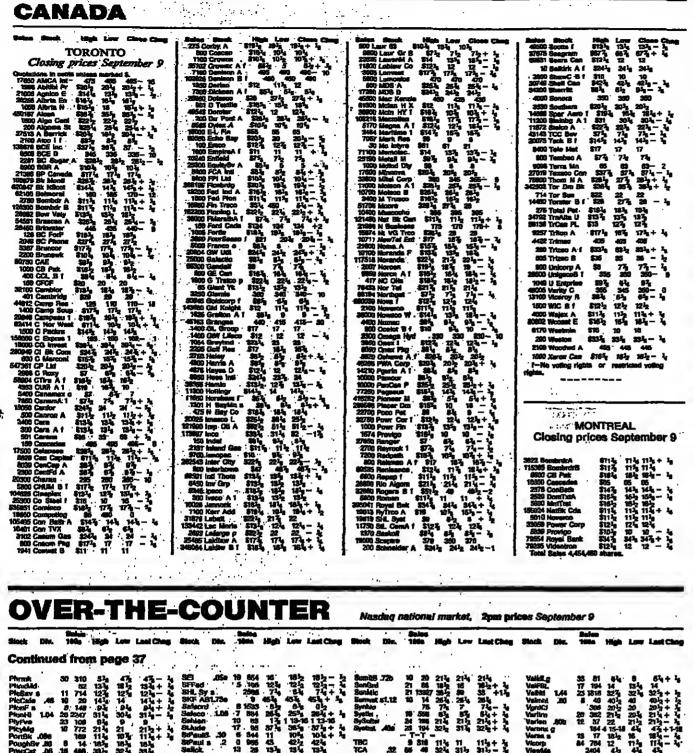
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS	• :	FEIDA	Y SEPTEMBA	R 9 1988	•	THURSD	AY SEPTEM	ER 8 1988	D	OLLAR INE	EX
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling . Index	Local Currency Index	Grass Olv. Yield	US Dollar Index	Pound . Sterling . Index	Local Currency Index	1988 High	1988 Low	Year ago (approx
Australia (86) Australia (16) Belgium (63) Canada (126) Demark (39) Finland (26) France (128) West Germany (100) Hong Kong (46) Ireland (18) Italy (100) Japan (456) Malaysia (36) Mexico (13) Mexerand (18) New Zealand (20) Norway (25) South Africa (60) Spain (43) Sweden (35) Swetzerland (55)	87.68 115.03 116.48 125.50 116.14 91.75 76.38 101.97 132.39 70.34 158.96 138.87 149.38 102.06 72.45 108.84 122.32 109.27 138.63 115.20	741277 741277 741277 7414 7414 7414 7414	123,75 76,60 100,49 101,76 109,64 109,64 109,64 115,66 61,48 121,32 130,50 89,17 95,08 106,88 121,12	116.92 84.02 111.34 104.55 121.27 106.78 90.56 73.46 102.21 128.69 72.70 134.25 141.49 373.36 97.19 61.51 101.74 114.73 87.65 129.81 109.28	3.99 2.49 4.53 3.30 2.45 1.61 3.58 2.52 4.76 3.77 0.54 2.77 0.54 2.77 6.08 2.39 4.92 2.39 4.92 2.39	142.20 87.62 114.85 117.35 122.86 115.86 115.86 191.91 76.46 102.46 133.19 70.06 159.09 139.03 147.35 102.05 72.90 108.14 122.41 108.71 139.14 114.67	124.27 76.57 100.255, 107.36 101.25 86.82 89.54 116.40 61.23 139.03 121.50 128.77 89.18 63.77 89.18 63.77 94.50 106.97 95.00	117.61 84.13 111.17 105.28 106.69 97.350 102.71 127.247 134.60 141.73 368.29 97.16 62.39 101.16 115.08 67.20 130.85	152 31 98.18 139.89 128.91 132.72 139.53 99.62 80.79 111.86 144.25 81.74 177.27 154.17 180.07 110.66 84.05 132.23 135.89 139.07 164.47 125.50	91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 133.61 107.83 90.07 95.23 64.42 98.55 97.99 105.83 130.73 96.92	170.095 98.25-129.61 135.69 118.43 115.42 102.42 104.55 143.13 179.52 406.91 126.75 132.15 178.89 173.01 186.84 160.24
Usiked Kingdom (323)	122.73 109.11	-0.2 40.4	107.22 95.33	107.22 109.11	2.37 4.76 3.65	74.93 122.96 108.67	65.48 107.46 94.97	72.61 107.46 108.67	86.75 141.18 112.47	74.13 120.66 99.19	108.65 153.08 131.49
Europe (1009) Pacific Basin (670) Pacific Basin (670) North America (706) Europe Ex. UK (686) Pacific Ex. Japan (214) World Ex. US (1878) World Ex. UK (2135) World Ex. So. Af. (2398) World Ex. Japan (2002) The World index (2458)	135.99 134.00 109.49 87.37 120.19 133.16 123.91 123.88 106.94	-0.1 -0.1 -0.3 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4	88.23 136.28 117.07 95.66 76.33 105.00 116.33 108.25 108.22 93.43	93.50 132.21 116.79 108.85 85.08 106.70 116.20 116.40 113.89 103.31	3.90 0.76 1.71 3.63 3.19 4.22 1.79 2.18 2.39 3.76	101.09 156.14 134.13 109.12 87.40 120.67 133.31 123.81 106.77	88.34 136.46 117.22 95.36 76.38 105.46 116.50 108.20 93.31	93.61 132.59 117.07 108.48 85.13 107.32 116.48 114.41 113.93 103.17	110.82 172.26 147.53 113.29 92.99 128.27 146.49 131.77 132.39 112.43	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 160.00	126.92 144.29 137.40 131.71 110.69 156.53 138.05 133.74 135.12 131.81
Base values: Dec 31, 1986 - 100; F.				113,72	241	123./2	108.12	113.75	132.38	113.37	135.46





WORLD STOCK MARKETS



Slock:	Div.	1006	1296	Low	Last Chag	Block	Disc.	- 10ma	High	Low	Last Cheg	Stock	Die.	1000	High	Low	Last Cheg	#łock	Div.	1000	High	Low	Last Ching	
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Phrnik		30 310		43	134+ 4	SFFed	.05e	19 854		182	185 - 5 125 - 4 74 + 4	SonGre		NU 20	214	214	214	Validita	1	38 81	44		64+ 4	
Physikk PleSav		11 714	134	18 12	734 + 4	SHL Sy	•	2006	7	81	727 2	Sundak		21 88 21 13327	18 ¹ 2	16	18 2+ 4 33 +14	VelVil		17 194 23 1818		32 4	14 325 + 5	
PicCale		11 714	1414	14	124- 4	SICH AR	1.720	2000	454	45%	454 + -	Survey		10 14	244	244	264	Valence	100	£ 40		40	WEI E	
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PlonH0				304	314- 4	Sedeco .	. 1.08		265	255	264 + 4	Systles		19 558	B34	87	B4+ 4	Varitno		306 20 382	215	20 4	2144 4	
PhyFive		23 100	1024	9		Saylen-		10 65	13	1 13-1	6 1 13-16	SySulte		24 785	214	21 h 31 h	214+ 4	Varion		12 37	22	21-2	212 ー も	
Picylia		10 772		21_	212+	Staude	-	17 95 6 344		35	871 + 4	System		25 194	321	314	324+ 4	Vertons			4 15-14		47.+1-18	
PortBk	.000	169		10 %	114+ 4	Strauti	2	0 966	11	10%	104 + 4	TEC		9 S18		11	447-4-7-	Verse s		18 17	1642	16	184 - 4	
PoughS	06	8 14 16 486		32 4	183 ₄	Selick	~	13 26		134	134	TCA	.32	65 49	1114	314	114+ 4 315- 4	Vicorp		2404	44	114	114-4.	
Prest le		. 9. 379		16	104+ 4	Savird :	.16	15 1405		275	274 4	TCHY	.01e	22 540	15	1212	184 + 14	Viking	•		18572		365+ 2	
PretnCt		564	19	77	16 +	Scherer	271	26 882		27	305+ 6	TCF	.10	. 80	97	25	5X + 1	Vipont		24 245	184	16	161	
PriceCo		21 3405	.36	27	304+ 4	Ainktoe	.46	14 16	3012	30	3012+ 1	JPI Ba		\$9 2143 4,14301	514	5	51.	Viratek		502	1512	14%	184 + 4 894 + 14	
TOOTH		11 2	314	31 4	314	Bokmed		7007	1872	76-4	174 + 14.	. Tandon		4,14301	13-16	1 11-1	8 14	Votvo	1.524	8 237	534	22 L	5912+14s	
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ros Go			74	72	72- 4	Seagate	.24	6 5040 16 220	24	2012	254+ 4	Telora				2314	234+ 4			- W-W	• ·			
Prott.fe		13 166		1312	135- 4	Settingt SEEO	-24	9 1285	63,	07	52+4	Telecro		21 105	24	.42	421 - 1	WD 40	1,404	10 19	31%	201	314	
PrvBkmi	.64	802	244	111/2	244	Sulbal	.80	6 42	13	124	13 + 4	Totale		21 105	135	133	1512 - 1	WID		7 205	974	81	346	
PyvLtu PošaBa		18 143	26	795	20	Swigting	1.24	. 5 25	24%	24	24 - 1	Tebran	. ina.	.17 1002	1712	17	176 - 3	Welbry	8 .40	19 105	21_	20	21 +14	
wizPb		17 42	.20 ·	26 2	29	Sensor	. 10	792	97	95% 173 113	97	Tennen	.96	13 14.	25%	243	254 4 12	WellCp	.40	10 16		18	12 - 4	
WHEN		21 171	.26 .	24	242+ 4	Sequent		SP 273	1732	173	173	Toraction			157	145	2514+ 1	WBcDC	-		754	183	184	:
J. Calling	•	19 086	12 z		727 + 5	Bychler	- 10	11 2451	1210	117	:18	3Com		25 2002		17%	28 4 + 4	Washin		12 137	147	143	145 - 14	
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JumkCh Jumpa		11 18 736 846	124	114	134	Shoney		0 207	71	71	74+ 4	TWA pt	•		%1	30 to	30 C - 1	Wateloo	Et. 3	10 7	344	241	244 - 3	
Julicity		12 708	4	5	64 4	Shred #		18 22	164	12.72	15-2	Trystag		18 11B ·	234	22 6	23 + 4		_Dilly	12 36	33		97 - 4	
	Ŧ.,	- A-B	FW			Signal :	. TE.	22 107	454	444	44. 1	Drawer,	120	10 400	134	18	184+ 4	Walters	F.12			34	302 + 4	
PM =	.56	18 126		144	N W	SignD #	14 .	13 896 13 1360	1812	17 1312	182+14	Tried3y			13	12%	124 + 4	Werner	.00	12 2		131	134	
	-	748	24	3	24	Shore:		15 1908	15	12.7	15 +14 53+	Trus.lo	-			21 kg	212+ 4	WNews		17 10			10	
mosys.		12 20	84	84	94	Bullenk	* .	20 80	11	12	0 - 1	Tarton	1.40			23	2512+ 12	WesCap		20 67	114		114	
telghF9		B 218	11.7	77 4.	11 km 4	Simolo	.00	11 40	134	1842	1312	20Com				164	164 4	Waffit,	300	9 305		40	402+4	
locaturil. Lagrani	.26	24 . 3 18 307	35 4	354	364 · 4	Sizier		15 003	175	16.	17%	TycoTy		0 321		143	143	WatePb Wd&reA		16 40	201-		204	
police.		18 666	22	211/2	21-2 2	Broth F		6 25	35 .	34 2	17 k	Types	:.04	15 213	173	17%	174 + 4	Waterk		96 743		254	185+ 4 264	
i=cliba	,40	10 x37	14 4	144	44+ 4		1.36	7 32	36 2		38 k 1 ₉			- 4-11 -				MmorC	305	1718			164 - 4	
legis s	20	16 . 7	17 %	17 4	176- 4	Street Street	.00.	7 32			20 k	USMCK.	_	.63	44	44	414 14	Weston	-	20 321		157	15 L = 4	•
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exon	-	16 206	0	23 7-1		Souget:		17 140	17.5	17/2	174+ 4	(policy)	1.36	9 0	284	20%	29 4	MISFS	40	18 92	143 ₁ 93 ₂ 273 ₄	AL.	35+ A.	
oyffy	.76	10 742	. 100	10 %	77 184	. Sourst		18 134 .	21.	20%	201	DePlot	.72	15 270	26 2	27%	2014 4	Wilder Dr	1	10 325	27.4	91. 274	27.4	
	.200	56	31 %	31 -	317+ 4	Sover	1,02 21e	9 TU/4	324		324+ 4	UACus UBCul	.D4			27 % 15 %	28 + 4	Witten	•	22 731	124	12	184+4	
disting."		416	3-4	3.3	34+ 4	Spiegel .	210	319	0 kg	814	54+ 4	UnEds :		4 205	18	43	43 1	Winders a		13 3462	185	174	10 - 5	
chalf			23	23	23	BidRec.	.AA		174			UFFOC	.06				25	WiserO	.40	121 63	14	142	142- 4	
Joga M	1.18	20 1424	20%	204		Sta3650		11 596	234	28	25 - 14	t SHIP CO		105	4	3%	4 + 5	Wolong	-24	9 0	157	151	1519 - 14 104 - 14	
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ochC6	36	9 95	114	10-6	114+ 4	S Tiests		17 10	10-2	10	25 — 1 ₈ 261 ₅ — 1 ₈ 161 ₅ — 1 ₈ 241 ₅ + 1	UB Bop	1	16 1476	261 41 203		245 + 4	Mymen	44	15 907	212	135	275+ 5 135-5	
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oylor		20 77 16 1967	5 2	54	23 - 12 53 - 14	Subaru		444		94	**	V Band	10	4 52	11	10%	10% 4	Xylogic		7 4	7	71	74	
yenf		- 3-2	4.5	P-4	-4-4	Suttin .	70	112	912		84+ 2	VUSI		34 770	938	3.4	24+ 4	Xyvan	-	3 29	512	54	53 - 3	
CI Sys	-		12 4	18 .	184+4	Sungph	_	9 755	18	115 1	11 - E	VN SE	-	21. 643	142	14	145+ 4	YIOWF &	.70	18 585	284	28-5 14-5 10-1 10-1 77-5 28-7 28-7	294 - 4	

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NEW YO	RK		DO	M 10	NES		1	ĸ.	TRADING ACTIVI	η.		† Velo	-			NEW YO	RK Sep 8	Sep 7
	Se	Sep	See	Ses		68	Slace co	explication		Sm 9	Millors Sep 8 .	Sep 7		Issues Trad		613		
	9		7	-6.	Righ	Low	i iligh	Lou					- 1	Rises		572	760	1,943 616 639 486
éladostriais	2068.81	2063.12	2065.7	2065.26	Z158.61	1879.14	2772.42	41.22	New York	141.540	149,380 9,518	340.7		Unclanged New Mints		2000	1,933 760 663 510 13	486
Home Bonds	88.78	88.71	88.70	88.10	123	1612	(25/8/87)	2/7/32)	OTC	2.681 124,886	116.615	1171	16	HEM COME		19	ii.	ıś
Transport	873.81	266.64	866.94	869.18	65/7) 91.25 0/31 908.45	2813 3413 737.57	1101.16	12.32			.:						_	
Geliteles	179.94		180,00	1	190.02	167.26	1101.14 04/8/87) 227.13	12.32 10.7(32) 10.50 10.4(32)										
SCHOOL	TAX.	100,00	10000	1	(29/1)	120/0	(22/1/67)	69/4/320										
40m/s High 2088.73	(2079.30	D Low 20	38.94 (2	052.10)		•			CANA	DA.		e 1						
STANDARD AND PO	RS.								TORONTO			Sep [Sap	-			96	
Composite :				265.59	275.66	2000	25/8/87) 25/8/87) 313.17	4.40 CLANTO	W		9	-	7		High		L	
Mistrick	305.97	304.67	304.72	304.62	318.54	277.56	25(8)(67)	G116/323	Metals & Minera Composite		2715.6 3269.2	2790.5 3291.9	2863.4 3297.9	2886.7 3299.8	3226.5 (3465.4 (377	2238.7 2977.5	00/2 00/2
Fluncisis	25.76	25.72	25,70	25,66	022163 518.54 622163 25.76	100 P	125/8/87) 32.43 125/6/87)	C/10/740	MONTREAL POP	tfolio	1635.66 1	642.48	1648.99	1650.85	1723.71		1305.00	
MYSE Composite	150.84	150.46	150.58	150.20	155.55 (22/b) 309.33	136.72	.107 99 .	446	NEW Y	/ORI	K AC	TIV	-	TOCI	(8		-	
Acust Mid. Value	297.45	297,86	296.36	296.59	307.33	20071) 242 76	(25/R/RIT) 365.01. 03/R/RIT) 455.20	25,4420					_ 5	, our				
MASDAQ OTC Comp		1	377.96	1. " -1	394.77 08/7)	器	455.20	19/12/72). 54.87	Priday	9	tocks C	price Price	Change on dity			Stocks	Closing	Change on dily
		L	L				(25/8/87)	CIVIDITE	Inco	.2	036.300 028.100	45) 254 144	- 12 1	Allegheny Po Polaroid ,	**********	183	00 414	+ 13
			g 19	Aug 1		19 5	year age (Representations		70 TO	10		Seneral Elect Archer Daniel	ric	1345	42	1 2
Dow Industrial Div	. Yield .		.79	3.73		31	2.5		Motorola		537,900	424	+ 11/2	CETTO		1,333,3 1,201,9	00 19% 00 70%	<u> </u>
***	- Andel		9.7	Aug 2		9 17	year ago (Approst)	Base splices of at	todices are								
S & P Industrial di S & P P/E raclo		_ <u> </u>	780 280	3,30 13,5	1	3.57	24	20	and Metals — . 4 400 inhetrial	1000. Ten plus 40 e		S Deser Firmschi	1975 as and 20	ni Montresi transports, (Portfolio ci Closed, te	4/1/83.	† Excladi Inbie.	og bands.

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AUSTR	TA.		<u> </u>	Parmer.	E (co ptio			TT4: W				ew-to-			
19		Sestmater 9	Price Sch	198	8		Price	ITALY 198			Price Lire	SWEDE!	<u>. </u>		Price
2,070	1,050	Creditanetalt	1.990	2.630	2,000	September 7	Frs.	High 2 670	1,900	September 9 Basca Cont'le	Lire . [2.510	High 200	Low	September 7	Kreaer 190
2,940 12,100	9,350	interestal(15%	500 514	330	Cantion Chi Mediterraner Che Bantaire	440	2,670 301	149	Bassogl-IRBS	295 5.335 1.180	装	靐	Alfa-Laust B (Free)	399
2,070 2,940 12,100 8,050 414 644 123	9,350 4,660 340 561 74	Juoghtyutaser	1,790 2,850 11,550 7,660 384 630 83	1300	1211	Ce Fig. de Suez	2.428 440 447 269 287 310.5	6.500 1.450 10.070	149 1290 1000 7,602 77,900 92,675 2,710	Credito Italiano	1122	425 331 222	144 252 286 180 151 192 154	Astra B i Free	왨
644 123	581 74	Perintoser	- 180	329	181.8	CGE	305	94,050	77.900	Generali Assicur	190.700	255	192	Electrolax B (Free)	276
47 5	555	Veltscher Mag	1612	348 329 2535 713 1,369	401	Dumez S.A.	2470 11369 313	4.730	2710	La Ringscente	109,100 4,330 1,791	綴	140	Essetir B (Free)]217
AFI CD	HAZ UVE	MEGUES		36	275 181.8 1.510 401 900 229 1.954 555 374	Eatx (Cit Gen)	337	10,070 94,050 U4,700 4,730 1,966 11,505	1,010 7,350 3,640 1,870 1,980 1,621	Stretzi	. 19.205	259 276 220 400 176	226	Mo Och Dom B Free Pharmacia B (Free)	380 147
19	88		Price	343 2.866 000 747	324	Ges Occidentale	2360 726	5.795 3.360 2.565	3.640 1.670	Pirelli Co	5.380 2.517	38 337	뛶	Saab-Scaolo & Free Sapovili B I Free	緵
High	Low	September 9	Frg.	' ZZB		Hares	巛	2.565 2.500	1,980	Saipem	2 210 2 284	167 174	践	Skandia (Free)	148 145
23,900	2,490 13,500 13,000	B.B.L. Bangue See, De. Lux	13300	3 140	1,520	Lymn	2.920	20,900	14,570	Toro Assicar	17,400	174 153	梁	Skap Enskilda SKF B Free	145
13,300 11,500	13,000 6,700 4,206	DESCRIPTION	2,600 13,900 13,200 11,350 6,490	1 405 3 545 3 020	1,536 968 2,300 1,900	IL'Oread	2 920 1 327 3 450 2 900	KETHER	LANDS			340 342 367 137	223	St Kopparti'g A Free Svita Cell'sa B (Free)	294 317 ×
2,930 13,900 11,500 6,540 5,510 5,000 4,900 4,650 1,650 1,650 1,650 8,800 3,875	123	Ciment CBR	6,490 306 8,710	76 205 226	50	Maisons Phenix	181	198 High	Low	Sestember 9	Price Fls.	影	14.32555555555555555555555555555555555555	Sylo Handelston,	354 128 340
9,510 5,000	4,800 2,920 4,105	Colmer	8.710 4.450	28	50 120 136 890 37 600 481 790 325 677 1910	Michelia 6	194	56.4		ACF Holding		, 357	1213	IVERS DIFFEE	
4,900	4705 470	EBES	4.450 4.305	1752 116 117	370	Modines	194 1.285 110	90	39 57.3 58.1 36.9 55.2 56.9 57.2 57.2 57.2 57.2 57.2 57.2 57.2 57.2	AEGON	48.50 84.50 82.30	1			
1.650	4/0 830 2,210 4,150 5,730 3,140 3,150 8,300 1,264	GB teto B&f	1226	1230	126	Nord Est	101 405	90 147.8 48.2 57.1 81.3 109	35.1	AKZO	1241.70	l			
5,740	1333	Geserale Bank	3,200 5,220 7,480 8,700 3,415 3,955	1 129 973	600 481	Perrier	1,009	31	36.9	AMEY	50.10 73.50	SWITZE 198			Price
8,800	5,300	Hobokes	8,700	1.333	730	Printents Au	965 1 163 561	109	78.5	Borsamij Webry Boebrmann-Tet	102.00 53.10	Migh	Live	September 9	Frs.
3,875 4,400	3.140	Krediethank	強	965	677	Redoute	703	229.3	1875	1 Dordische Petroleum	206.50	9,375	5,375	Aria leti	8.675 798
12,900 13,700	30,600	Pan Holdings	12,800	1275	770	Roussel-Ucial	2,800 1,200 493	33.9	39.6 187.5 39.5 15.8 22.5	Elsevier Mdg	59.00 31.20	3,200	2.400	Bank Leg	2,875
1,545	1.264	Ratiserie Tirle	12,800 12,625 1,530 5,000 4,395 12,150	489	990 391 630 2,945 120	Selimeg	774	156		Heiortes	137.00	3,450	2.400	Cita Gelgy	3 205
8,530	1025	Royale Beige	4395	5,505	2,945	Stris Rossianol Telemech Elect	嫪	66.5	춣	Hoogovers	61.20	2.690	2.185	Credit Sousse	2.845
4,400 12,900 13,700 1,545 6,000 8,530 13,450 13,450	4,100 4,025 8,090 9,090	Solvay	. 112.400	420 1 1 129 973 1 1 333 5 1 1 2 9 1 10 1 2 7 5 5 7 9 1 1 0 4 0 5 5 1 8 3 8 5 5 1 9	120 311 316	Thomson (CSF) Total-Petroles Fr	333	57.8 229.3 61.2 33.9 42.1 156 66.5 88.5 22.8	25 25 25 25 25 25 25 25 25 25 25 25 25 2	INC Calland	68.20 18.20 60.50	3,450 2,290 2,690 3,275 1,215 127,500 12,475	5,375 450 2,400 1,550 2,400 1,590 2,185 2,825 600	Fischer (Geo.)	1,080
8190	80 5,026 6,910 3,590	Stanekk inti	8,150	519	1316	Vales	305	39.2	級7.	KLM	34,80	127.500	8.850	Hotf-Roche (PLCIs) Hotf-Roche 1/18	11B.000
9,480 5,520	6.920	Wasser Lits	- 9,050 5,400	J				ដ	1132	Nat Ned Cert	168.8 62.40 194.50	2.313 8.650	1,753 6.950 2,000	Jacobs Sockard	2.175 7.408
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DENINA	RK			198			Price	289.5	129.8 186.5 20.5 20.5	Oce Grinten	253.00 28.80	1.383 8.925 1.306 1.659 335	1,000 7,850	Nestie	1,240 8,165
19		September 9	Price Kr	High	Lew	September 9	Desc.	86.7	8	Pakhoed	82.86 31.90	1.300	790 1,180	Der-Buhrle Pargesa Hidg	1,170
540	1405	Daleica Blanc	1530	267 1,567	170.6	AEG	202.6 1.554	96.6	4BL5	PhiBps Robeco Rodamco	92.00 150.00	335	1745	Pirelli	245 12 000
540 1,090 281.5 425.8	733	Cartsberg Cop Wandelsbank D. Sekkerfab	5124 9714	265.8 300.7 365 363	231	IBASF	261.2	192 B	143.4 73.7	Stolingo	87.40 17.90	12 925 2.095	10,900 1,670	JSandor (PtCts)	1.890
425.8	753 256 261 292 162 167 572 362 124 201	D. Seicherfab	4162	365	298	Bayer-Hypo	291 334.5 334.3	58.9 248.2 119,7	54 201 101.5 13 53.5	Rorento Royal Dutch	17.90 223 60	720 810	475 575	Schindler (PtCts)	(685 783
365 272.6	1325	Den Danske Bank		426	322 429 1955 1855 1855 1245 136	BHF-Bank	423 254.3	119.7	101.5	Uniterer VMF Stork	112.30	5,200 1,250	13000	Surveillance	1 140
2222 693	167	GMT Holding	196.6	542	1429	Brown Boveri	200 P	22.2 95.8 82 152	535	VNU	20.40 68.80	389 14,500 1,600	960 310 11,500 1,540 2,820	Coolet Rank	1353
457	362	Jysie Bank	- 1417	243	1935	Commerchank	1227.8	152	109.5	Wessamen	75.70 148.00	1.800	1,540	Swiss Reinsce	1.645 3.100
457 268.7 252.5 7%3	201	APTERIOR DE	239.7 237.8 781.5	542 542 332 243 247 B	1527	Daimler-Best	246.7 672	NORWAY			_	3,490 5,700	4.650	Winterchur	(5,175
2699.8	592 1,600	Sophes Berendsen	2579.8	185	135	Deutsche Babcock	365 174	198			Price	6,100	4,850	Zurich ins	15,375
				486 274	烈,	Deutsche Bank Dresdoer Bank	474.8 264.5	Migh	Lew	September 9	Kroner				
FINLAN				13095	226	Feldmuckle Rabel	271.5	56.625	36.5	Bergers Bank	38.50 110.00				
Might	Low	Statember 7	Price	478 534 284.5 159.3	333.5	Hocatief	457	330	106	Bergesen &	310 00 102.00	SOUTH	AFRECA		
2155	1BI		194.5	1593	80.5	Hoechst	263.2 151	選	90	Deg Horsie Credit	90 00	198 High	i Lew	September 9	Price Sand
64.7	52	Florish Sugar	160.2	201	357 212.2 226 385.5 257.6 80.5 254 144 250 347 350 347 350 347 350 350 350 350 350 350 350 350 350 350	Hoten	441 201	1889 1515 1515 1515 1515 1515 1515 1515	90 51 360.5 197.5	Elkero	139.5 m 465.00	3.4	1.65	Ahercom	13.3
210	133	Hontanski k Free	90.5 202.5 67	480	350	Hessel	437	127	197 5	Kusmos	116.00 219.00	11.75	93	AECI	1875
210 243.5 272.5 166.5	633	KOP	238.5 118.5	420	310	Kaufbol	4063 357 137.0	95	47	Norsk Data	17.50	47.5 58.25	27	Aurio Aca Coal	1 1 1 1 1 1 1 1
187	133	Nokia	157.5	480 482 420 142.6 103.5	65.5	Kiloeckser Werke	197.1	214	47 135 136	Orkla Boregaard	176.0	310	80 29 44.1 226 18.5	Angle Am Core Angle Am Gold	1247.5
92 38.65	75.8 133 45.5 94 133 68.6 23.8 187.5 27.6	Nokia Pokjota 'B' Raswa-Repota	76	701 163 2075 176 599 330 2150	65.5 498 129.5	Linde	RAAI	62.5	1.34	(Storebrand	(34,86	310 24 69	46	Barlow Rand	152
27.5	187.5	Stockwagen '8'	187.5	207.5	126	MAM	143.5 198	SPAIN				6.25 4.25	44	ICNA GAIR	5.35 3.05
37 139.5 239.5	76.5 192	Utd. Paper Pri.		599	126 96.2 404 185.5	Mannesman Mercedes Hid	数	1961 High	Lew	September 9	Price Pts.%	141.75	4 4 285 225 29.75 13.25	Corrie Finance	37.1
239.5	1192	Watsha (slD	210	330 2,150		Metaligesell	302 2,000	718	350	Alcarar	625	37.5 21.5	11.25		
FRANCE				600	419.6	Hisdorf	器	1.185	885 937	Banco Bilhao	1.055	41.5	26 44	Free State Cons Gold Gold Fields SA Highweld Steel	305
196			Price	600 576 187.5 240.8 240.8 240.8 244 154.5 225 224 176 281 288	419.6 390 99 168.5 143.2 332.5 98.3 218 232.2 159 333	Porsche Prentsing Rhein West Elect	177	1.185 1.163 585 1.850 978 1.185 1.134 473 103.7 152.5 520 209.5	420	Barco Central	431	41.5 60.5 7.55 20 6.4 14. 17.4 42 23.5 13.5 13.5 13.25	14	Highweid Steet	18.25
High	Low	September 9	Price Frs.	240.8	1432	RosestPal	240.8 243 499 435.8	1,850	1,440	Banco Hispano	780 1,658	6.4	13.25	Malcor Ridgs	5.65
475 584 2,350 769 303 2,524	272	Ar Uquide	443 508 1957 759 263 2,450 429 5,000	536	332	Schering	499 433.8	978 1 185	1,440 750 763 898 332 79 111 391 160	Banco Santander	920 1,055	17.4	5.25 10.5 8.85 17.25 17.25 11.75	UK BAZARS	11174
2,350	1,707	Alcatel	1957	1545	983	Tbyssen	147 2765	1,134	808	Baresto	1.015	42	21.5	Rust Plat	17.4 15.5 19.5
303	387 1,767 430 198 1,760 367 3,780	SIC	263	274	232.2	Thyssen Varta Veba		103.7	79	Oragades	403 92.7	133	Ιü	Rust Plat Satmarine & Ren. Sage Holdings SA Brewers Smith (C.G) Tongani, Holett	1225
2,524	1,760	Boografo	2,450	176	159	V.E.W.	159.5 335	152.5	391	Petrolees (Cla Esp)	131 458	21.5	15.75	Smith (C.G)	138.5
495 5,050	3,780	BON	15,000	268	202	Volkswiget	252	2095	160	Telefonica	458 183.7	13.25	30 9.5	Tongast Holett	112.75
JAPA												AUSTRA	LIA (cor		
196			Price	198			Price	198		Sudanta S	Price Yen	198	8		Price
High	Lete	September 9	Price Yea	Migda	Low	September 9	Yen 2.200	1,620	2,070	September 9	12,090	High 47	1 27	September 9	Aust\$
3,630 1,900	2,870	All Nippon Air	2,940 1,730	2,480 978	2,126 617 422 922	Mitsel Bank	834	2000	- 2,070		-2,070	4.7 3.9	27	Smith (H)	3.75 3.50
3,630 1,900 2,020 1,430	1,400 1,650 1,040	All Hippon Air	2,940 1,730 1,680 1,220	978 812 1,540	922	Mitsel Wining	634 725 1,360	1,290	1,020	[Wacoal	1,090	4.87 9.2	3.27 2.7 3.73 5.4	Tooth	4.55 9.00 2.80

2020 1,760 975 2,846 1,220 6,850 2,130 1,220 1,680 1,580 801 1,670 3,400 1,860 1,860	1,650 1,050 1,050 1,050 2,280 907 1,502 800 1,26	Appe Electric Amada Amada Amada Amada Amada Amada Amada Ando Construct Another	1,680 1,220 770 920 5,900 1,949 1,170 1,45	812 1.540 2.460 918 1.010 1.380 1.610 5,700 911 3,250 2.340 1.330 7.20 825 967 638 2.136 1.620 7.20 825 967 638 3,690	422 922 1,430 600 730 1,430 4,609 4,609 2,530 1,870 1,245 2,530 1,250 614 1,125 614 1,250 8,150 9,162	Mitsial Mining Mitsial Petcheni Mitsial Retcheni Mitsial Rent Estate Mitsial Rent Estate Mitsial Rantas Mitsial Rantas Mitsial Rantas Mitsial	725 1,360 2,320 830 845 1,760 1,050 1,350 4,490 828 12,620 1,060 1,060 1,060 1,290 642 1,745 1,7	1,510 2,190 2,190 2,150 1,660 1,760 1,170 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,430 1,530	0.75 4 3.58	Yamati Yamati Yamati Yasuka Yokoha Yoshitu Yussa f	a		5.5.6.7 6.7 6.7 6.7 6.7 6.7 7.7 10 10 10 10 10 10 10 10 10 10	2 52 3 3 3 3 3 3 4 4 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		9 Price 16.70 16.1
934 796 2,340 3,250 1,180 3,520 2,750 2,200 2,860 3,750 757 1,080 2,863 1,420	772 700 532 1,410 2,660 700 2,580 656 2,113 1,440 1,440 1,530 2,600 463 741 1,910 1,070	Daiosi Ciemical Daids Seed Daids Seed Daids Ond tely Kom Bank Calking Inds Daiks (Kanio Dai Nigono Iris Dai Nigono Iris Daishana Papur Daishana Papur Daisha Rose Daiss See Daiss See Daiss See	820 2,000 2,800 2,800 1,110 2,650 787 2,610 2,610 1,960 1,960 3,207 1,960 3,207 1,960 1,250 1,250	1,280 831 2,380 7,35 1,220 1,490 824 901 990 1,390 780 824 26,100 882 828	7.620 2.690 984 430 1.830 450 1.020 571 5624 959 22,000 679 705	Nipon Hodo Nipon Hodo Nipon Lx Metal Nipon Lx Metal Nipon Ment Pack Nipon Ment Pack Nipon Ment Pack Nipon Ment Pack Nipon Shad Nipon Shad Nipon Shinoan Nipon Stell Nipon Shinoan Nipon Shinoan Nipon Vices Nipon Vices Nison Nison Ninoan Nison Nison Nison Nison Nison Nison	2,920 1,240 765 1,870 717 1,100 1,080 695 785 825 1,100 777 724 22,500 726 1,110	132 1214 1214 123 123 144 107 107 107 107 107 107 107 107 107 107	016 1147 132 130 15 327 7.44 8.532 0.6 3 48 3.06 0.24	Asston Aust Ni ANZ Gr Bell Gr Bell Re Boad Q Boral . S villia Bridge BHP G BHP G BHP G CRA CSR C Chase C Clarem	tinds tinds toup toup sources cop Hidgs Copper cs Inds dil hidp orp	1.3 1.9 2.0 1.6 2.0 4.6 3.3 10.7 8.1 0.7 3.3 8.6 4.6 8.8 8.8	5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.5.	3 7.32 0.43 1.55 1.55 1.2 NGAPORI	AS HK Shaogic 15 HK Telecom No. 15 HK Telecom Hatchison V 6 Hates Equit 15 Here World 16 SNK Props 75 Shrill Elect 75 Shrill Elect 48 Swire Pac A 1.4 TV-B 1.4 TV-B 2.2 Winsor Ind 1 World ledd in	Nazek
7.160 3.500 642 420 420 1.500 1.500 1.500 1.240 915 2.570 915 2.570 1.100 2.450 1.209 1.100 2.450 1.209 1.209 1.240 2.45	5.230 2.809 470 3.500 5.350 5.350 1.730 680 1.730 680 1.120 1.120 1.125 4.550 1.130 1.170 965 1.170 1.170	France Fr	1.50 1.50 1.50 1.50 1.50 1.50 1.50 1.50	1.380 2.310 1.570 1.060 1.480 4.880 7780 4.440 1.130 1.130 1.130 1.230 1.250 1.250 1.250 3.800 645 4.400 1.250 1.2	705 1.770 1.000 3.700 2.500 2.500 850 1.000 2.550 850 1.000 850 1.000 2.500 2.	Hisshio Flour Hisshio Oil Misshi Flour Hisshio Oil Misshio Dill Misshio Dill Misshio Dill Misshio Pood Mitto Beeld Monura Montara Montafe Dillari Misshio Misshio Dillari Misshio Miss	1.440 1.440 1.470 1.350 637 1.150 1.120 919 1.430 1.120 1.120 1.13	11.25 4.9 0.36 0.36 0.35 1.35 1.75 1.75 1.75 1.75 1.75 1.75 1.75 1.7	024 57257 626 626 195 143 167 121 175 187 187 187 187 187 187 187 187 187 187	Coles M Comach Consoli Costain Duter G Externy Sen Pro Souths Souths Hartog Cl Aust Maynel Ma	or 'A' dated Pet Aext Outp Outp Outp Outp Outp Outp Outp Out	18: 41: 41: 41: 42: 43: 43: 43: 44: 44: 44: 44: 44: 44: 44	160 160 160 160 160 160 160 160 160 160	255 582 2 51 8255885 115 - 115	1 Soustead Hi 2 Cyrchey Sep 5 GRS Sourage 6 GRS Sourage 6 GRS Sourage 6 GRS Sourage 7 Fraser & No. 7 Hong Leong 8 Hong Leong 9 Sime Darty 1 Singapore A 9 Suraits Tradi 8 To Singapore A 9 Uo Leong 8 Hong Leong 8 Hong Leong 9 Hong Leong 1 Ho	1.38 16.
2130 2130 3,626 2,500 815 1,750 1,750 1,750 1,870	1960 2,140 1,750 2,436 1,250	itouse Food fad floys ikspani Tsuth Indi Bank Japan	1,768 1,768 3,210 2,180	2,900 2,900 1,600 4,880 3,080	755 1110 2200 1 610 1 920 2 150	Ricole Royal Co	12.520 12.320	2.75 1.28	1103	Poseido (Contrast	and Coal	/1% /1%	DIC	p base. ar	Ex rights, va Ex all	x traded prices. (g) nd Ex dividend. nt Ex
1,200 752	587 587 580 1,300 3,650	ishtara Sangro	689 1,080 649 751	1874	1404	Sapera Bank	1.430 4.140 2.400 682 1.750 6.010	-			Sept	Sept	Sept	Sept	19	58
878 1,750 4,000	1,300 3,650	Itohico	751 1,400 4,000 950	1,900 7,270 2,700 1,520	1,440 5,550 1,520 1,010 1,510	Sappore Secrit Selve Stores Secret Ches	4.010 2.060 1.170 1.700	AUSTRAL			9	8	7	6	Kligh	Low
16,100	12,400	JA1	14,000	2.140 1.140 9.350	7,000	Sekisul House Sexusi Paperboard Seven-Eleven	1.700 7.20	All Order	6 (1/1/80) 142 (1/1/80)		1545.5 732.0	1555.5 736.3	1559.8 736.8	1567.2 744.2	1657 B (9/8) 847.8 (9/8)	1170.7 (10/2) 532.4 (10/2)
1,730 728 735 1,340 939 2,220	1126 323 419 933 651 1500	Japan Radio Japan Steel Wiss Japan Steel Wiss Japan Synth Risr	1,470 608 620	1120 2190	725 1,640 1,550 1,440 562 1,040 4,609 996 672 2,895 518 880	Shimize Construct Shin-Erse Chem	990 1,790 1,790 1,670 834 840	AUSTRIA Credit Ak	tien (30/12/	80	199.5	198.6	197.9	197.6	199.70 (17/8)	163.98 CL1/20
1,340 939 2,220	933 651 1500	Japan Syath Ris Jujo Paper Justo	1,090 1,790	1980	1,400	Stienogi Stissido Stowa Aleministro Stowa Desko	1670	BELGIUN Brussels S	ECT/11940		4971_3	4956.8	4943.3	4909.8	5043.1 (9/3)	3608.35(4/1)
		Kalten Pharm	1.400 1.850	1.470 7.160	1.040	Saco Brand Milk Sarrier Electric	1200 6.670 1,040 815	Copenhag	er SE CITA	330	220.24	220.49	220.1 0	219.45	227.86 (3/9)	200.68 (4/1)
1150 3330	859 2.450	Kanebo Kanegafuchi Chun Kansal Elect Power Kansal Paket	925 2,920	990 3,840	672 2,895	Semitomo B' ike Somitomo Bank	815 3,270	FINLANS Upitas Go	seni (1975		734,2	712.1	700.2	695.1	772.1 19/99	530.6 (15/1)
738 2,040 1,970	500 1,670 1,230		1.720 1.750	1150	880 850	Samitono Bank Samitono Casa Samitono Casa Samitono Corp Samitono Corp	3.270 610 959 1.026	FRANCE CAC Sene	ral (31/12)8 acc (31/12)	20 877	351.7 133.5	352.1 133.5	349.3 132.7	348.3 131.7	368.5 (8/7) 137.6 (7/7)	251.3 (29/1) 89.7 (29/1)
1.450 2.150 1.150 7.35 1.150 7.35 7.75 7.75 1.250 3.250 3.250 7.74 1.750 7.75 1.750	1.275 445 827 2.450 8.2450 1.225 300 1.225 300 1.225 300 1.235 1.2	Kashyama	1488 1488 1488 1488 1488 1488 1488 1488	1720 2130 2130 1988 983 170 990 170 990 170 1720 1720 1720 1720 1720 1720 1720	1400 422 938 251 1270 973 2,248 586	Southono Marine	1,400 785 1,120 591 1,340 1,350 2,730	GERMAN FAZ Akti	(Y ex (31/12/5) hask (1/12/5) 12/87)	8	490.19 1491.8 1186.61	490.53 1492.2 1185.35	489.03 1487.7 1185.74	487.25 1481.8 1179.76	495.70 (8/7) 1510.4 (8/8) 1199.96 (5/7)	396.40 (29/1) 1207.9 (29/1) 931.18 (28/1)
3,450 845 1,780	2,750 566 740	Kolto Milg Kolaya Komassi Konica	739	į				Hang Ses	9 Bank (31/	7/649	2496.56	2508.53	2525.14	2502.09	2772.53 (12/7)	2223.56 (8/2)
4,400 784 1,120	2,920 520 795	Korakaen Stadiom	1,640 3,470 719 991	1,240 2,270	791 895 1,670	Taisio Marine	4,610 903 1,100 2,000		ns. Ital. Q97	<u></u>	517.45	516.14	518.41	538.04	545.07 (1.8/3)	423.91 (9/2)
1710 1330 1940 6330 1910	1,020 1,020 1,600 5,110 1,470	Kenha Chemical	1,340 1,670 1,760 5,550 1,510	5,430 998 1,240 2,270 675 1,600 990 3,090 2,650 883	4,220 791 895 1,670 427 1,080 829 2,460 1,950	TDK Talsas Corp Talsas Marine Talsas Pingrin Talsas Pingrin Talyo Fishey Talyo Fishey Talsas States Talsas States Talsas States Talsas Talsas	559 1,380 890 2,680 2,050 785	Nikkel Cu Tokyo SE NETHER	6/5/49) New (4/1/6/ LANDS		27647.10 2129.64 266.8	27740.11 2134.81 265.7	27504.01 2125.14 265.8	27320.51 2110.40 266.7	28423.38 (5/8) 2253.10 (2/8) 284.8 (9/8)	21217.04 (4/1) 1690.44 (4/1) 205.7 (4/1)
1 340	iggs		1.020	883	682	Tellin	785 963	AND CES	General (19 Industrial (1970	223.7	224.2	225.0	225.8	239.3 (9/8)	157.9 (11/1)

8 1535 1535 198 13 445 220 22 712 27 712 13 1472 61 1185 56 2508 15 16 17 16 1	3 736 6.6 197 6.6 499 49 220 1 706 13 346 13 13 33 489 148 35 1185 53 2525 14 518	13.3 11.10 13.3 11.10 13.3 13.3 13.3 13.	6 1567.2 744.2 197.6 4909.8 219.45 695.1 348.3 131.7 897.25 1481.8 1219.76	Nigh 1657 8 19/53 847.8 19/63 199.70 027/63 5043.1 19/33 227.86 02/63 772.1 18/69 368.5 03/71 137.6 07/71 495.70 03/71 1510.4 03/63 1199.96 05/71 2772.53 02/71	Low 1170.7 (1072) 532.4 (1072) 163.98 (1172) 3608.35(4/1) 100.68 (4/1) 530.6 (15/1) 251.3 (29/1) 59.7 (29/1) 296.9 (29/1) 1207.9 (29/1) 931.18 (28/1) 2223.56 (8/2)
0 736 13 495 24 220 2 712 7 352 3 13 19 490 18 1492 61 1185 56 2508 15 516 10 27740	3 736 6.6 197 6.6 499 49 220 1 706 13 346 13 13 33 489 148 35 1185 53 2525 14 518	13.3 11.10 13.3 11.10 13.3 13.3 13.3 13.	744.2 197.6 4909.8 219.45 695.1 348.3 131.7 467.26 1481.8 179.76	847.8 (4/8) 199.70 (17/8) 50(3.1 (9/3) 227.86 (3/9) 772.1 (9/9) 368.5 (8/7) 137.6 (7/7) 495.70 (8/7) 1510.4 (8/8) 1199.96 (5/7) 2772.53 (12/7)	532.4 (10/2) 163.96 (11/2) 3608.36(4/1) 100.68 (4/1) 530.6 (15/1) 251.3 (29/1) 36.7 (29/1) 1207.9 (29/1) 931.18 (28/1) 2223.56 (8/2)
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.2 712 .7 352 .3.5 133 .9 490.5 .8 1492 .61 1185 .56 2508 .8 516.1	1 700 1 346 3.5 13 3 489 1 487 2 1485 3 1185 5 1185 4 518	0.3 2.7 03 4 1.74 11 1.14 2 41 5	695.1 348.3 131.7 687.26 1481.8 1179.76	772.1 19/89 368.5 18/77 157.6 17/77 475.70 18/77 1510.4 18/89 1199.96 15/77 2772.53 112/77	530.6 (15/1) 251.3 (29/1) 89.7 (29/1) 396.40 (29/1) 1207.9 (29/1) 931.18 (28/1) 2223.56 (8/2)
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13.5 13.5 19 490.1 .8 1492.61 1185. 56 2508. 15 516.1	35 489. 2 1480 35 1185 53 2525 4 518.	2.7 03 4 1.74 11 1.74 12 41 5	131.7 687.26 1481.8 1179.76	137.5 (77) 495.70 (8/7) 1510.4 (8/8) 1199.96 (5/7) 2772.53 (12/7)	59.7 (29/1) 396.40 (29/1) 1207.9 (29/1) 931.18 (28/1) 2223.56 (8/2)
.6 1492 61 1185. 56 2508. 15 516.1	2 1483 35 1185 53 2525 4 518.	.74 11 .14 2 41 5	1481.8 179.76 1502.09	1510.4 (8/8) 1199.96 (5/7) 2772.53 (12/7)	1207 9 (29)11 931.18 (28/1) 2223.56 (8/2)
15 516.1	A 518.	41 5			
1027740	11 2750		538.04	545.07 (1.8/3)	423.91 (9/2)
1027740 64 2134	11 27504	01 27			
	81 2125	14 2	7320.51 110.40	28423.38 (5/8) 2253.10 (2/8)	21217.04 (4/1) 1690.44 (4/1)
8 265. 7 224			266.7 225.8	284.8 (9/8) 239.3 (9/8)	205.7 (4/1) 157.9 (11/1)
4 364.5	5 367.	31 3	773.19	423.64 (21/7)	327.78 (28/1)
53 1066.	PT 10F2	20 1	062.28	1177.87 08/88	833.60(4/1)
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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OVER-THE-COUNTER

Cristone
Commit

Column

Too soon to reject accepted wisdom

ben Mr John Opel was president of IBM, in the early 1980s, an interviewer asked him if he was worried by the challenge from companies that made mainframe computers that minicked IBM's. No, said Mr Opel: companies that were "followers" would always find it hard to achieve sustained profitability; successful computer companies were those with their own proprietary standards, and the loyal band of customers these created. Until recently, that state-

Until recently, that state-ment summed up the computer ment summed up the computer industry's conventional wisdom. And time has proved it largely true: in the mainframe computer husiness, following IBM has rarely led to a steady flow of profits. And in the more cutthroat world of micro-computers, the soaring profits of Apple Computer shows how unchallenged command of a proprietary standard can protect against too much price competition.

But there are at least two recent counter-examples to Mr

recent counter-examples to Mr Opel's general truth — and a growing feeling among computer users and some com-puter makers that an era of open, shared, non-proprietary standards is at hand. The counter-examples are Sun and Compaq, which have both built hillion-dollar businesses of strong and growing profitability by abandoning the concept of a proprietary standard.

Relentless pressure to Balkanise

Does the extraordinary success of these two companies, and the growing bubbub about "open systems", mean that conventional wisdom is wrong and thatnon-proprietary com-puting is at last an attractive route to profitability? It would be good news for computer recers if that proved to be true: users if that proved to be true: the proprietary approach has produced a relentless pressure to Balkanise the computing

loved, however. The success of Sun and Compaq is not so much an invitation to the rest of the world to join the open systems bandwagon as a les-son in how really well-run companies can prosper even in unpromising circumstances. Except when demand is

going through the roof (as it has this year for powerful IBM-compatible micro-comput ers, for example) non-proprietary standards rapidly lead, for most participants, to commodity products, where only those with below average costs or above average access to distribution can hope to survive.

Sun and Compaq have been able to thrive in this atmosphere hy turning themselves into a new breed of company, what one might call "aggressive standards foilowers. They have turned the ability to spot emerging standards and incorporate them rapidly into their designs, into the competitive equivalent of a proprictary system. That requires greet resources of engineering talent, of course, but it also requires the flexibility to fight the "not invented here" syndrome, and junk your own much-loved desien.

If this is the correct interpretation of the success of Sun and Compaq. It raises ques-tions about the prevailing enthusiasm for open systems. First, most mundanely, will these two companies be able to retain their fresbuess of approach and healthy profit margins as their organic margins as their organisations age and competitors catch up? Second, how easy will it be for others — especially large, long-established companies — to adopt the organisational flexibility that "aggressive

standards following" requires? And third, if proprietary standards continue to offer those companies strong enough to impose them - IBM above all - higher margins than those which foster price competition, will most open systems advocates find themselves condemned, at best, to

profitless prosperity? In such a future, all but the most adaptable standards foilowers may shift containerloads of machines; may rack up impressive revenue numbers; and may make money in the industry's good years. But they will be unable to build the come-rain-come-shine profitability that is the legacy of a successful proprietary system. It may not be so easy, after all, to escape the unpalatable logic of conventional wisdom as the open systems euphoria might

Peter Martin

THE MONDAY INTERVIEW

A prima donna for all seasons

Richard Fairman talks to soprano Dame Gwyneth Jones who returns to Covent Garden tonight

Opera prepares to open its doors for a new season, it is all change. The new management under Jaremy Isaacs has sought to impress its personality on all aspects of the house, from redesigning the programmes to changing the seating arrangements and removing the carpet in the stalls.

Victors to the opening per-

Visitors to the opening per-formance of Puccini's Turandot tonight, however, will be reas-sured to find one important and enduring constant. The soprano Dame Gwyneth Jones made her déhut at Covent Gar-den in 1963 and her appearance in the title-role will both inaugurate the new regime and mark her own 25th anniver-sary in the honse: a fitting combination for a career which, even now, is looking as much to the future as to the

The years between may have had their ups and downs, but they have certainly not been lacking in challenges met and peaks scaled. When she talks today, she is so enthusiastic about singing that there is no doubt what it is that still drives her on, and has won her a reputation as a singer who can be relied upon to give any challenge her all.

Who else, one feels, but Gwyneth Jones would have agreed to this? A couple of years ago. a performance of Strauss's Die Fran ohne Schatten in Zurich was put in jeopardy when a colleague cancelled, and Jones found that she had been talked into saving the day by singing the role of the Dyer's Wife and sight-reading the notoriously difficult role of the Empress at the same time. At one point she even had to sing a duet with herself.

"I still can't believe I did it," she says with a shake of the head, but her eyes light up at the thought just the same. You know that if the offer came again, the answer would be yes. This is the spirit that put her in the vanguard of singers who led the British invasion of the opera houses of Europe in the 1960s, and swept the Royal Opera's young Rhinemaiden on be the first Britt nhilde at Bayreuth.

Born in Pontypool and educated primarily at the Royal College of Music, Gwyneth Jones progressed rapidly in professional circles, first to the Zurich Opera House and then to Covent Garden. "That was the time when David Webster was the General Administrator. There was a wonderful family feeling. The company really nursed their young sing-

HE PETITION by the Sharpeville Six for the reopening of their trial

for murder, heard last week by the Appellate Division of the

Supreme Court, is being represented as the ultimate test of

whether South Africa's highest

judiciary retains the will or the

power to exert its limited influ-

ence to minimise, if not eradi-

cate, the relentless impact of laws that afflict black Africans.

The legal point at issue is far

removed from the direct application of the oppressive laws of apartheid, but the case symbol-

ises the ceaseless struggle to end white domination.

The five judges of the Appel-

late Division are being asked, in the absence of any written rule which allows the court to

unpick the finality of the crimi-

nal process, to invoke an inher-ent power to act whenever jus-

tice demands judicial

claimed to have been forced by

police interrogators to perjure himself at the trial of the Six

in connection with the death of a councillor who was killed hy a mob, which petrol-bombed his house and beat him to death. None of the Six inflicted any of the blows, but had simply telest any in the country.

ply taken part in the common purpose that made them in law

equally responsible for the commission of the supreme

Their original appeals were

turned down; the criminal pro-cess was thus complete. Presi-dent Botha declined to exercise

the prerogative of mercy and reprieve them, despite a storm

of protest from the interna-

On the eve of their execu-

tion, a temporary reprieve

came in the form of a judicial intervention. A retired acting

Supreme Court judge enter-

tained an application for a rehearing on the grounds of the perjured evidence. Ulti-mately he declined to inter-

vene. Once again the hang-man's noose was poised over the Six, until the acting Chief

A prosecution witnese

intervention.

crime.

ers and I am very grateful that I happened to be there at that time, because they sent me to Rome to study my Italian repertoire with Luigi Ricci and to Munich to work on my Sie-glinde in Die Walkure with

Hans Hotter.
"I am sure one of the reasons "I am sure one of the reasons why we have so many interna-tional singers in Britain today is because our generation was given the chance to further our studies ahroad." She regrets that today the Royal Opera is no more a family than any no more a family than any other international bouse. Only a handful of singers is encouraged to stay with the company and the majority of supporting roles (such as the Valkyrles in Wagner's Ring, which in the 1960s could have been cast from company mem-bers) are filled by visiting art-

Another advantage at that time — and this is a feature that many people would like to see rainstated — was tha chance for aspiring younger

PERSONAL FILE

1936 Born Pontypool, Wales 1956 Royal College of Music 1962 Professional début, Zurich 1963 First appearance with Royal Opera 1966 Déhuts in Vienna,

Munich, Bayreuth and New

York 1976 Bayreuth centenary Ring cycle 1976-7 Kammersängerin of Bavaria and Austria

1986 Created DBE 1987 Hamburg Shakespeare prize 1988 25 years with Royal

members of that family to sing members of that family to sing when the booked artists cancelled. For Dame Gwyneth herself this system was to bring immediate gold, when last-minute substitutions in Fidelio and Il Trovatore opened the doors to the world's leading opera

A rush of débuts followed: Paris, New York, Milan, Vienna, Bayreuth. Within a was working with the leading international conductors and producers of the day. Artists like Hotter, Frick, Simionato, Nilsson and Greindl were her colleagues and it amuses her that she is sometimes thought of as one of their generation. "I was so lucky to start so young," she remarks, "because I had the enormous advantage of being able to stand on stage

and learn from singers of quite

Justice and four Appeal Court judges agreed to sit, unprece-dentedly in public, to hear the petition of the Six.

Over the years legal com-mentators have expressed admiration for the quality of

South Africa's judiciary. The courts have been consistently

assessed as being independent

and impartial in ensuring equality before the law. But a vocal and growing opinion has

developed in the last two decades which maintains that

tha present generation of judges has failed to distribute

judges has failed to distribute justice even-handedly and done

nothing to arrest the growing,

JUSTINIAN

adverse impact of apartheid,

although the point is taken

that the inherent injustice of

the country's social and politi-

cal structure has inevitably

infected the performance of the

But can the judges in South Africa perform the function as

protagonist of democratic val-

ues, rights and freedom in the face of such legislative and executive injustice? Almost

certainly not, and for several

ster lines, assigns the weakest

position to the courts. Parlia-

ment bas the competence to negate the effect of court deci-

sions as well as the ability to

First, the constitutional model, framed along Westmin-

reasons.

The Sharpeville Six

another generation."
This had not always been the way. In the first half of this century the British singer was a rara avis in most international operatic centres, with a strange inclination to change strange the colour of its feathers; many singers of British origin who wanted to make a career on the Continent preferred to take a name that was enticingly

a name that was enticingly italian or French.

There were isolated success stories, such as Dame Eva Turner, a shining example before the war, or Sir Geraint Evans and Heather Harper also just starting their international careers after it. But British singers were still the exception. "It was partly to do with the war, which had stopped a lot of careers. But also, as music education improved, so did the standard of British did the standard of British singing, and the opera houses recognised this.

"For me, this is one of the most satisfying things: to be accepted at the source. To be able to sing Wagner in Bay-reuth, Strauss in Munich and Vienna, Verdi at La Scala." From 1966 Gwyneth Jones has been a fully international artist in every sense. Home is in Switzerland with her Swiss husband (a successful husinessman) and teenage daughter, but the demands even of a carefully controlled schedule only about 60 performances
 year — still leave her less time to spend with them than she would like.
 In 1976 came her most important challenge to date. Wolf-

tant challenge to date. Won-gang Wagner, grandson of the composer, had been nurturing Jones to take on the triple role of Brunnhilde in Wagner's Ring cycle at Bayreuth and in that year, the centenary of the work's first performance, he scheduled a new production of scheduled a new production of it with her and the controver-sial French theatre director. Patrice Chéreau.

Patrice Chéreau.

The result was blazingly controversial and met with an extraordinary audience response. In the first year the missic was often drowned by a cacophony of booing and whistling, but by its last performances in 1980 the whole production was being bailed as a masterpiece. "You have to remember that Chereau had brought a whole new style and concept to the Ring and opened the door to a new epoch for opera in general. At first it was very difficult because people didn't understand. "What happens at Bayreuth.

though, often goes on to influ-ence the whole world. For instance, after the war in the productions of Wieland Wag-

remove classes of disputes from the jurisdiction of the courts, if dissatisfied with judi-

cial action. There are, more-

over, no constitutionally guar-

anteed rights and freedoms for South Africans. Second, appointments to the

bench have ensured a close

alliance between courts and

parliament.
Third, judges are, as alsewhere, the product of the soci-

ety they serve. Judges rarely reject the established political

Lastly, there remains the role of law in government. Any

court system must necessarily

be the instrument through

which the legislature and the

executive enforce their poli-cies, as well as acting as a

safety valve through which dis-sidents can let off steam in a controlled and containable

manner. In the continuing unstable and at times revolu-

tionary atmosphere of South Africa courts have been instinctively inclined to sup-

port ordered government.

It is not in the nature of the

judicial ethos for judges to challenge the political values

of a ruling party, either through open criticism of, or refusal to enforce unjust legislation, or even to resign.

However, if the Appellate

Division cannot find a way to accede legally to the Six's peti-tion they might still voice an unease about the inexorable

exaction of the ultimate pen-

alty in a case that has aroused so much international opposi-tion. The Six have already

spent 1,001 days under the

threat of the hangman's noose.

It has not been unknown for judges to go beyond the strict bounds of the legal issue before

them. They have not hesitated on occasion to indicate to exec-

utive government that pleas of

mercy for a condemned murderer should be heeded.

Nothing other than such a pro-

nouncement from the judges

who sat last week in Bloemfon-

tein is likely to save the

Sharpeville Six.

ner you had the 'new Bayrenth' style, as people called it, and that worked its way through to the other opera houses. Everywhere producers started to mount productions that were static and set on an empty stage.
"Then Chéreau came along

and conceived a production style that was fundamentally different. The operas were different. The operas were played in modern dress, of course, but that was only part of it. The movement, the action, the contact between the characters had all been radically rethought." Typically, in one of the production's most moving moments, Wotan took Brünnhilde in his arms, and carried her to the Valkyrie. rock — not an idea that would have appealed to many previous Wagnerian prima domas. Or, perhaps more to the point, to many previous Wotans.

For Dame Gwyneth herself it

was the right production at the right time. Chereau's determination to portray the mythical figures of the Ring on a human scale was well suited to the warm and sympathetic personality that she communicates so movingly on stage; and the vocal problems that resulted from a car accident a few years before were largely being over-

From that time on she has tackled all the major dramatic roles: a marvellously radiant isolde, Turandot with the Royal Opera at the Olympic Arts Festival in Los Angeles, and most recently a Strauss Elektra to match the best that London has seen. She knows she is probably singing better than at any time since the beginning of her career, thereby confounding the predictions of doom that were solden and seems that the seems of t fairly widespread about 15 years ago, and says she feels that she is "at the stage where

The all set to go."

This is, she stresses, because she insisted on holding off the most taxing dramatic parts until she was ready for them.



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'One of the most satisfying things is to be accepted at the source - to sing Wagner in Bayreuth . . .

A role like Elektra, for example, is regarded as "a killer" by most sopranos. The received wisdom is that either you leave it till the end of your career, or it will end your career for you. Dame Gwyneth finds it dis-tressing to watch a singer trying to wrestle with a heavy-weight role like this too early.

"When I was in Cologne a couple of years ago, I met a young soprano who had just been given a contract for a small German opera house. She was about to sing Elektra as her first role and I said to always new faces to be seen ber 'Don't do it! You'll kill and new influences to be felt, yourself before you start." I do as with the influx of musicians not say that it is a mistake for a from the Far East, who are

young singers to have a career early. But they must not let themselves be forced into tak-ing on the heavy dramatic roles before they know how to deal with them. On the future for opera she

is characteristically upbeat. Opera, she says, is being reju-venated on all sides. Wherever she goes, there are young peo-ple filling the theatres, which shows there is a need for the art form now as much as at any time in the past. Among the performers, there are always new faces to be seen and new influences to be felt,

when it was not become which is a complete to the first head that which have been been been able of the an extension

increasingly to be found in the world's opera houses.

For herself, there is still a career to be followed that knowe no bounds. Bellini's Norma and Paccini's Fanciulla and Fanci Norma and Puccini's Fanciula del West beckon. There will Sibelius in Finnish in Helsinki, some Poulenc in Paris, and the whole field of French opera still to discover. But then, if you are in the peak of health, vocal and physical, and still full of enthusiasm for what you do, why stop now?

I ventured that she had spent her 25 years in opera like

spent her 25 years in opera like the guest who arrives at the party first and leaves last. She laughed heartily, "And I'm not thinking of leaving yet!"

NURDINE PEACOCK



Interim Report for 6 months to 2nd July 1988

Unaudited results for the half year ended 2nd July 1988 and the comparative figures for 1987 are: Six months to Six months to 53 weeks ended

			2nd July 1988 2000	†th July 1987 £000	2nd Jan 1988 2000
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1. 4	. :		3,174	2,046	11,823
			1,767	1,513	2 4,040
the period		•	1,407	533	7,781
ary share			5.3p 3.3p	3.3p 2.1p	18.7p 12.4p
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of business on September 30, 1988.

The information set out above does not comprise full accounts within the mesuing of Section 254 of The Companies Act, 1985. Full accounts for the year ended January 2, 1988, on which the antitors have given an unqualified opinion, have been filled with the

Chairman's Statement

I indicated in my Annual Statement and at the Annual General Meeting that 1988 had started better than the previous year and I am pleased that the profit figures have confirmed this.

There were a number of positive factors. Sales showed a strong improvement. The Budget, though less beneficial to us than two years ago, did increase excise duty sufficiently to pay for our costs of holding the extra stocks that are needed to be competitive. Not least, we achieved a big reduction in the stock losses through theft that I reported as being a problem at this time last year. The enthusiasm shown by our Staff in helping towards reducing this has been tremendous and I want to thank them here for all their help in this and generally in producing these results.

Sales continue to show a good increase, being over 12% up for the year so far. Exeter opened on 22nd August and made a very good start. Derby opened in April and is progressing well and, as I predicted at the AGM, we are well on course to exceed \$1 billion sales for the year — all achieved by organic growth.

We have recently made some important changes to our management structure and also a number of appointments which

were publicised at the time in the Press and which I will outline in greater detail in my next Annual Statement. The main change centres on the creation of a Northern Division, and two other geographic Areas - Southern and Central - each beaded by a Personnel & Operations Director appointed from within the Company. The objectives of this change are to help retain our highly personal relationships with our Staff, to improve internal communication and to help in accelerating our expansion programme, most of which must now be northwards.

The first two branches in this expansion programme are already in the pipeline. Our new branch at Stoke-on-Trent is

progressing well and we have purchased a building at Hull to be renovated and extended. In addition we shall shortly start building a large replacement for our Cardiff branch. All these should be operational in 1989.

At the last AGM, an SAYE share option scheme for staff was approved. Since then, I am happy to say that over 1.000 employees have taken up the option — some 36% of those eligible. This compares very well with a national average of under 25%.

September 7, 1988

W. M. PEACOCK Chairman



FINANCIALTIMES SURVEY



Cellular mobile
telephone networks
are expanding fast.
Setting the pace are
Britain, Scandinavia

and the US, but there is growth elsewhere, with plans to launch a European digital cellular mobile system in 1991, writes

Terry Dodsworth, Industrial Editor

Europe's bid to stay ahead

THE LAUNCH of the UK's first two cellular mobile telephone networks in January 1985 was greeted with little more than passing interest in the City of London. The extent of the change in opinion since then can be gauged by the plans to float off a part of the Vodafone operation laier this year. If the issue goes ahead, it will value the company at around \$1.75bn, not far short of the stock market valuation placed on some of the country's leading electronics groups.

ing electronics groups.

The reason for this dramatic reversal in attitudes lies in the extraordinarily rapid growth of the industry over the last three and a half years.

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From a standing start, the network operators have built up a subscriber base of well over 300,000, and are adding new customers at a combined rate of well over 10,000 a month. London has developed the most intensively used cellular phone system in the world, and handsome profits have begun to flow through to the operators — Vodafone, a subsidiary of the Racal electronics group, made operating profits of £50m last year against a loss of £12m in

While sales in Britain have shown particularly vigorous growth, some other countries have gone through a similar experience, underscoring the latent demand for mobile telephones in industry. In the US, where investment in the networks started earlier, the subscriber base has already reached lm, while in the four Nordic countries that are linked in a common system—Sweden, Norway, Finland and Demmark—the number of customars has now reached almost 500,000. Growth is also accelerating in other European countries which got off to a slow start: both Germany and France now have well over 60,000 subscribers.

Three types of market opportunity have been created by this expansion. The largest, in terms of revenue, is in running the networks. Customers are charged for the time they spend making calls, just as in the conventional wired telephone system, so once the infrastructure is in place there are considerable opportunities for making profits simply by increasing the number of sub-

...It is this feature that has particularly attracted investors to the Vodafone flotation. Because Vodafone enjoys a duopoly market position alongside Celinet, a subsidiary of



Mobile Communications

British Telecom and Securicor, it is reasonably assured of a steady flow of revenue. The possibilities for expansion in service revenues can be judged by estimates suggesting that mobile felephone operating companies in the US could be generating sales of \$5.5m by 1992 against \$1.4m last year.

The second new element in the market lies in infrastruc-

The second new element in the market lies in infrastructure equipment. Subscribers place and receive calls through a process which uses radio signals to make the crucial connections between the existing wired network and the moving

car. This demands transmission and reception equipment, devices to track the mobile handsets in the cars so that the system knows where to contact the customer, and exchanges to switch calls between the cellular network and the conventional telephone operation.

By the standards of the world telephone industry, now

world telephone industry, now spending about \$100m a year, this is not a particularly large market. But it is a wholly new one and is rising rapidly. The US alone, for example, is expected to increase its expenditure in this sector from

around \$555m last year to \$840m in 1992; and in Europe, the proposed new digital network is expected to bring in orders of around \$560m a year in the early 1990s. For an equipment industry that has been undergoing a shake-out this represents an exciting new

opportunity.

A third market has opened up for suppliers of the handset equipment which goes into the cars. Initial estimates indicate that sales in this area may amount to about the same as those for infrastructure equipment, although prices are now

falling so rapidly that companies which fail to move into new country markets may well find it difficult to maintain significant turnover growth.

The euphoria over the prospects for the mobile cellular industry, however, cannot hide the fact that the world market has developed in an extremely patchy manner. The rapid take-off in Scandinavia and the UK contrasts sharply with the slower growth in Japan and several European countries. Some large countries around the world have yet to make any significant investment at

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all. Other small countries, like Bahrain, Kuwait and Hong Kong, already have snbstantial networks.

These disparities raise some

rhese insparines raise some intriguing policy questions, particularly in Western Europe. Since the bulk of the established telephone system in the European region is roughly comparable, the cellular network might have been expected to have developed in a fairly uniform manner in the different countries. Two main reasons are advanced for the current differences.

The first is the issue of prices. In the slower developing markets, such as West Germany, prices have remained comparatively high, particularly for the handset equipment that is installed in the cars. In the US, average prices for these products are now well below \$1,000, and possibly as low as \$700, and in the UK they have probably been pushed down to around £1,000. But in Germany they are still around \$2,600 - about half the price they stood at two years ago, but still very high compared to tha leading markets.

tha leading markets.

Second is the question of market structure. Both the US and the UK have deliberately developed their networks under a competitive arrangement, the UK through a national duopoly, and the US by selecting two competing companies in a series of local sales zones. While the Nordic companies have not bad the same degree of direct competition between network operators, snppliers say that the national telephone company running the main cellular system has adopted a very market-oriented approach from the beginning.

The significance of these pri-

The significance of these pricing and structural differences is that expansion has been seen to come far more rapidly under the more liberalised operating regimes. As a result, Europe as a whole is now tending to move towards systems which are more market-oriented. In this sense, the UK experiment has had a substantial impact. While Germany and France are unlikely to replicate fully the British system, both are planning to create further operating companies to compete against organisations currently run by the main pub-

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At the same time, however, European governments are anxious to avoid the negative effects that have flowed from the UK approach. Partly because the British market has been expanded so quickly, UK manufacturers were not geared up to enter the cellular market,

with the result that most of the

equipment market has fallen to foreign companies.

These issues have been very much in the minds of European policy-makers in developing their ambitious plans for a new digital cellular mobile system.

tem to be launched in 1991.

This network will operate to common standards across Europe, and will therefore lend itself to open competition throngbout the region by equipment suppliers. But it is being developed with the collaboration of the indigenous hardware manufacturers in an attempt to give them a lead in the creation of new products for the system; and, at the same time, the operating companies are likely to be run in a much more market-oriented fashion than the traditional state-owned telephone utilities.

The big question for the future of the European industry is whether these policies will work in stimulating a competitive manufacturing industry in the next generation of mobile cellular aquipment. There is no doubt that the plans have created great interest. A large number of companies have come together in several consortia aimed at making infrastructure equipment. Many of these are also working on telephone handset designs.

on telephone handset designs.

Nevertheless, realists in the industry assume that only a proportion of these new initiatives will lesd to viable long-term businesses. Indeed, it is widely argued that the creation of a genuinely common market for the next generation of cellular equipment is likely to lead to consolidation among suppliers because of heightened competition. Meanwhile, the Europeans will have to face a number of foreign companies just as eager as they are to take advantage of the new market conditions. It is hard to escape the conclusion that Europe has set itself a formidable challenge in making this ambitious attempt to establish a lead in the cellular mobile telephone industry.



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Cellular market opens door to foreign competition

development of the mobile cellular market has created opportunities for new competitors to enter the telecommunications industry. In both the US and Europe, a fresh band of network operators hes emerged to compete with the established groups, and a variety of electronics companies has diversified into the production

of mobile handsets. Only e limited amount of new blood, however, has been ettracted into the supply of infrastructure equipment. In this sector of the market, the

on Motorola of the US to construct its mobile network, whils Vodafone opted for equipment from Ericsson of

companies have crept into the market, with both Ericsson. the leading Swedish exchange producer, and NEC of Japan licensing small stations. Foreign companies have even made some progress in Japan, a notoriously difficult market for importers of telecommunications products, with Motorola chosen to set up one of the mobile networks.

Many countries have looked overseas for expertise if they did not find it at home

industry remains very much under the control of the longer-esteblished telephone exchange producing companies. These are the husinesses that have the necessary expertise in the complexities of switch designs; and many of them also have experience in radio transmission, a necessary ingredient in the hybrid technology that has created

the mobile cellular industry. The prominence of the leading world switch producers in this new industry, however, should not mask the fact that the cellular market is a comparatively open one, much competition than traditional exchange manufacturing ever was. In the rush to set up cellular systems, meny countries have abandoned the old policy of funnelling telecommunications orders into selected national champions. They have been prepared to look overseas for expertise if they could not find

This can be seen particularly vividly in the UK, where the infrastructure equipment of switches and base stations the equipment which transmits and receives messages - has come from non-British suppliers for both Cellnet and Vodafone, the two network operators. Cellnet, the British

Similarly in the US, foreign

As a result of these various

internetional moves, a handful of companies has emerged in a strong position to dominate the evolution of the market. The most important of these are: American Telephone and Telegraph (AT&T), the leading American switch manufacturer, which has captured the largest market share in cellular mobile exchanges in the US. Dataquest, the market research organisation, estimetes that AT&T has around 37 per cent of total US cellular switch sales, which amounted to \$555m last year, and which are expected to jump to \$750m this year.

AT&T's strength is its historically powerful position in North America, where there is natural hias to hny its switches because of the company's knowledge of the wired telephone network; its weakness is its lack of penetration overseas.

 Motorola, the American electronics group which has used its expertise in radio technology to move decisively into the cellular industry. Motorola, which buys some of its switches from DSC Communications, a specialised US producer, has emerged as a strong rival to AT&T in the US, where it is calculated to hold around 36 per cent of

taking roughly half of the British market and moving into Japan. Teething problems with its technology in the UK (which uses different operating standards than the US), now appear to have been overcome; indeed. Motorola has won a further contract to supply digital systems to the Celinet operating company in the UK and earlier this month achieved a breakthrough to the

Norwegian market .

• Ericsson, which has built on its tradition of being the most international of all the big world switch manufacturers to establish a strong world position in the mobile cellular sector. The Swedish company's

strength lies in its penetration of several different markets, and its ability to adapt its technology to the demands of different operating standards. It is the leading producer in the Nordic area, which has played a pioneering role in the development of mobile systems through a network linking Norway, Sweden, Finland and Denmark; it also accounts for

tend to be fairly concentrated on their home markets. This is true, for example, of Siemens, the West German group, and Matra of France, both companies that have suffered up to now from the weak growth in their domestic

In North America, Northern

Telecom of Canada is a significant producer, with about 14 per cent of the market in collaboration with General Electric, which supplies the radio elements in the equipment package; but the Canadian group has not so far moved into the international field. In Europe and some developing country markets Nokia of Finland has picked up some orders.

ome orders.

The longer-term question now facing suppliers is how to tackle the application of digital switching techniques to the cellular industry. Although the present analogue systems have plenty of potential left in them - new markets are being opened up steadily throughout the world at present — Europe is looking to develop a digital

The cost of entry is so high that the advantage remains with the established suppliers

roughly half of infrastructure ales in the UK, currently the fastest-growing cellular market in Europe; and it has established a modest position in the US, where it has captured about 8 per cent of

● NEC of Jepan is also beginning to emerge as a world dominant producer in its home market, has managed to pick up around 3 per cent of US sales, and is now trying to move into Europe, where it has bid for contracts for the planned new digital network. It has already established thing of a foothold in the UK through the supply of infrastructure equipment for the paging industry, and some analysts expect that it will eventually win contracts in the later rounds of digital equipment orders.

system in the early 1990s, and by then the US will have largely completed its current round of infrastructure

Initially, the development of digital is heing carried out by a number of different collaborative groups in an attempt to spread costs and speed up the process. But while this should allow new community to establish a role. companies to establish a role in the cellular infrastructure market, it is unlikely to dislodge the leading companies from their present market

There is such a high cost of entry to this market, in terms of the sophistication of the technology involved in switch production, that the advantage remains with the established

HANDSETS

Challenge of the Japanese is held back for now

THE MANUFACTURING of handset equipment for the cel-lular mobile market is an area which appeals to companies that combine high technology design skills with effective large volume production and distribution.

It has thus proved an ideal field of activity for the Japa-nese electronics giants. But while the Japanese have captured a strong position in the world market, the US and European industries have also produced some vigorous com-petitors - indeed, a few companies from these regions have shown surprising agility in ris-ing to the challenge of the Jap-

Part of the reason for this variety of manufacturers in political. Some countries have either overtly or tacitly encour aged the supply of handset equipment from domestic suppliers, applying the policies that were standard practice in the heyday of nationally-organ-ised telecommunications indus-tries. West Germany, for example, has clearly proved an uninviting market for the Jap-anese, and suppliers from the rest of Europe have found it easier to penetrate the market if they established local manufacturing with a domestic West

German company.
At the same time, the plethora of different standards around the world has encouraged small-scale production by local manufacturers with no ambitions for export sales. France, Italy and Denmark each have three of these rela-tively tiny companies, and there are a number of others in the South-East Asia.

A further factor is the extremely fast growth in the market. New opportunities are popping up constantly around the world, as more and more countries launch cellular systems, thus creating the room for fresh manufacturing

ompanies to emerge.
Finally, the basic technology
s within the reach of many electronics companies, Investment to move into the market is not so high as to be an impossible barrier for medium-sized groups, and even start-ups with good systems design skills have been able to

the key components for the phone handsets are available on the open market - indeed, even large companies such as Nokia of Finland buy in many of the electronic parts that they need. For example, three new entrants in the US - Clarion and Alpine of Japan, and Shintom of Singapore – all

came from the car entertain-

ment radio sector. Because of the current immaturity of the market, the industry is not expecting a sig-nificant shake-out in the near future. Nevertheless, several market leaders have by now emerged, headed by three international companies which are all estimated to have more than 10 per cent of world sales.
These are Nokia, the Finnish
company, Motorola of the US
and NEC, the Japanese elec-

All of these companies have a strong position in the US, with market shares ranging from between 10 to 20 per cent, according to Mr Victor Krueger, an analyst at Dataquest.
They are all equally present in
European markets, and they
have been moving into a number of other parts of the world

A further five companies with world market shares of between 5 and 10 per cent have also established a relatively strong position for themselves. This group shows a heavy bias towards Japanese companies – it includes Toshiba, Pana-sonic, OKI and Mitsubishi – but also embraces Novatel of Canada, which has a foothold in both the North American and European markets.

On a more specialised basis, a British company, Technophone, has emerged as a particularly dynamic force in the market for light portable phones - receivers that can be detached easily from the car and carried around by the sub-scriber. Technophone, founded only four years ago, is currently manufacturing about 50,000 units a year and exporting the majority of its prod-

In the present state of mar-ket expansion it would be dangerous to assume that any of dislodged by a vigorous new-comer. In the battle for survival they will face a number of issues over the next few

• The development of the European digital network will demand heavy new investment in technology. This is likely to give an advantage to the larger, better-financed companies, while creating more competitive market conditions. because it will be possible to sell the same product through-out the European market. "I think the market is grow-

ing quickly enough to sustain a wide variety of companies for the time being," says Mr Nils Martensson, managing director of Technophone. "But when the new European digital sys-tem comes on line there will be e number which cannot compets because of the expense."

market shares"

 Trade issues may also grow in importance because of the expansion of Japane companies in Europe and the failure of Europeans to penetrate the Japanese market so far. Some Europeans claim that it has proved near-impossible so far to obtain standards specifications from Japan so that they can design for the Japanese market.

May 1986 gercentage figures

Tensions over Japanese exports to Europe have already led to a European Commission investigation into an antidumping claim. In response an increasing number of Japanese companies are establishing satellite production companies in the EC.

manufacturers are facing a continuing requirement to

improve the performance of their products while bringing down prices - another factor that is likely to put smaller companies under pressure. In the US, for example, Dataquest is expecting annual revenue growth of less than 3 per cent over the next few years, rising from \$442m in 1987 to \$510m in 1992. This is because prices are falling while unit sales are going up. Average prices are now down to around \$700 a set, half of what they were three or

four years ago. Some producers are tackling this challenge through speci-alisation. Technophone, for example, has concentrated on the sophisticated portable sec-tor of the market, siming at the same time to achieve volume by designing to as many different standards as possible. Sales of portables are generally expected to increase at a faster rate than the rest of the mar-

flexibility of use.

There is a consensus among the leading manufacturers that the key issue in determining future success lies in producing high performance equip-ment. Users want the same types of functions that are available on their ordinary telephones. Hence there is a heavy emphasis on design and development skills. Nokia, for example, has 300 researchers working on design and devel-opment, choosing to put the emphasis in this area rather than on manufacturing components, many of which are bought from outside suppliers.

Mr Martensson says similarly that the key issue is to be able to design customised inte-grated circuits that will allow as many functions as possible to be placed onto a silicon chip. This means, he adds, that the Japanese should not have any particular technological advan tage in the future, despite their leading position in semiconductor production.

"Their strength is that they are big and that they therefore have a financial advantage over European companies. But we are just as able to come up with innovative designs and . Technologically, handset products as they are," he says.

Terry Dodsworth

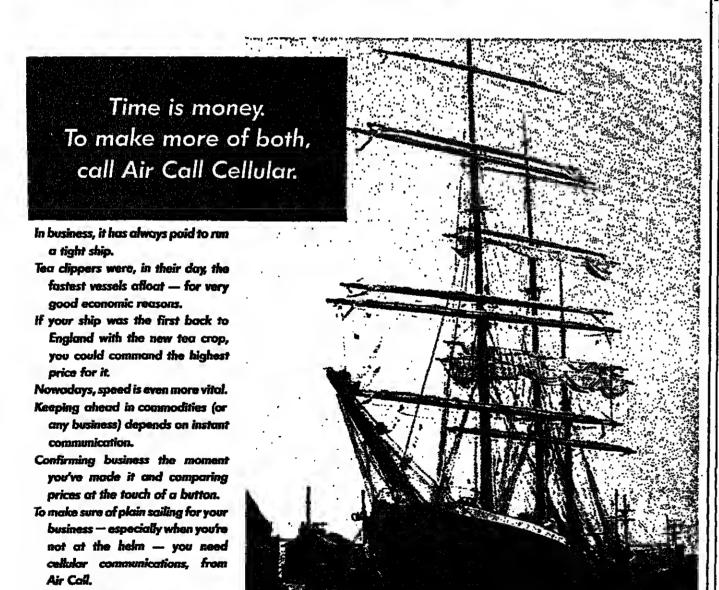
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car, or on the way to meetings, for dealer and field management instance - is often unproductive, networks all through the UK. because you're out of touch.

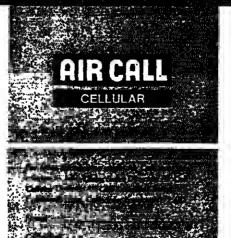
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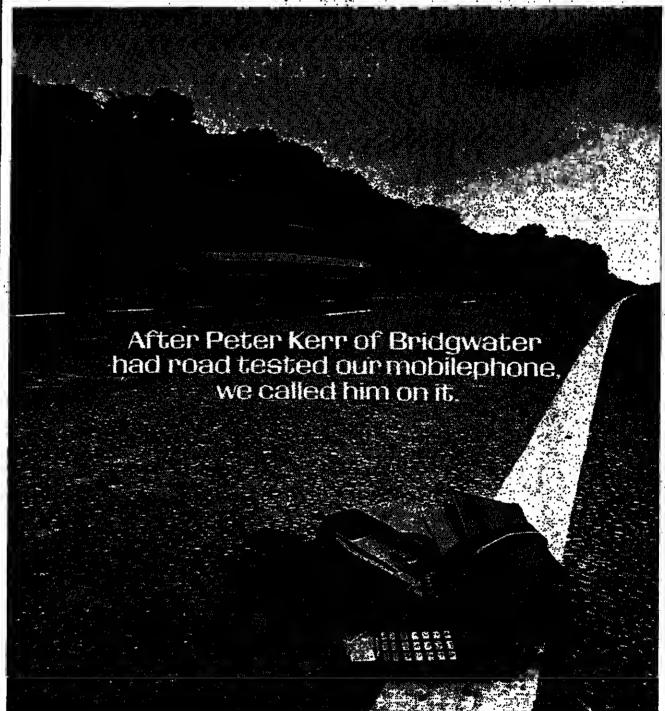
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On Friday April 29th this year as Peter Kerr of Bridgwater. Somerset was travelling along the M5 on his BMW K1000 motorcycle, he was waved down by a passing car.

The driver informed him that some miles back a black shape had leapt from his motorcycle, smashed to the ground and bounced over and over for 100 yards down the motorway before ending up on the central

When Mr. Kerr checked his panniers he knew the story had a ring of truth. His recently purchased Panasonic C50 mobilephone was missing.

Taking into account that he had been travelling at '70 mph' when the C50 hil the road, Mr. Kerr presumed the worst and informed his Panasonic dealer of the facts.

Ten days later a motorway worker walked in carrying a rather battered mobilephone.

After cleaning off the mud and grass, the dealer switched it on. It powered up. He rang the operator. She rang him back. It worked perfectly.

Fortunately the dealer recognised that the mobilephone was a dead ringer for one he'd sold only a few weeks earlier. A quick call to Mr. Kerr confirmed his suspicions.

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MOBILE COMMUNICATIONS 3

The 1991 pan-European digital system

The car phone is set to get an open passport

EUROPEAN manufacturers have largely missed out on the first generation of cellular telecommunications. They are now trying to leap-irog the rest of the world in developing and implementing the second

This is the central rationale hehind the plan to introduce a pan-European mobile telephone system from 1991. Under this, motorists will be able to drive from Edinburgh to Seville using the

At present, this is impossi-ble. There are four different and incompatible — versions of cellular telecommunications being used in Europe. In each country, moreover, different radio frequencies have been allocated to mobile telephony. This is not only initiating to

ers, who find that their phones become useless when they cross national frontiers. It also appears to have harmed European manufacturers, because they have had to cope with a fragmented market. Dif-ferent equipment had to be designed for different markets and many manufacturers concluded that they could not build up the economies of scale to justify the necessary research and development

and Ericsson of Sweden have both made an impact in the world's cellular telecommunications markets - helped by the extremely high penetration

UK	311,000
Sweden	192,000
Norway	131,100
Denmark	85,800
Finland	80,800
W Garmany	62,900
France	60,000
Austria	28,400
Notherlands	27,800
taly	21,500
Switzerland	10,900
Belgium	8,900
Spein Iceland Ireland	6,90 6,00 5,50 3,80

en. The British, in particular, have failed to generate a manufacturing base in this market, despite the fact that there are now more users of car phones in Britain than in any other European country. The benefi-ciaries have been Japanese and

The new pan-European digi-tal system offers a hope of overcoming these problems. Fifteen western European countries – both within the Community and outside - have agreed to shelve their differences and develop common technical standards, which will give manufacturers one large market to attack. They are also Although Nokia of Finland allocating the same frequencies for the system so that motorists will be able to travel from one country to another and still use their phones.

Cellular telecommunications of mobile telephony in Scan-dinavia — other European companies are barely to be a radio base station. The

The Senser tone and numeric pager, introduced by Mercury Paging test year, is claimed to be the ameliest pager in the world. Weighing only 1.5 oz, the stylich penetyle pager offers greater flexibility than the traditional "bluep box on the hip." It can receive messages of up to 20 digits to enable receipt of international telephone numbers.

mobile phones communicate with the base stations by using radio signals. When users move from one cell to another, their calls are automatically handed over to the next base station without interruption.
One of the reasons that the

One of the reasons that the present analogue systems are having to be replaced is that — at least in the UK — demand for car phones has been growing so rapidly that the radio frequencies have become congested. The industry estimates that the new digital system — which will transmit the signals as a series of electronic digits. as a series of electronic digits rather than analogue waves will allow about three times as many calls to be made in a

Another reason for moving to digital cellular technology is that it has, so far, not been colonised by any other trading block. Both the US and Japan still use analogue technology. Instead of starting from behind, Europe has a chance to take the lead.

Manufacturers will have two distinct markets to attack: one will be in providing operators with infrastructure (base stations, switches etc) with which to run their services; the other will be in selling phones to consumers. Each market is expected to be worth about £400m a year in Europe in the

It is in the first market that European manufacturers are least vulnerable to outside competition. Although the era of backing national champions is supposed to be coming to an. end, operators - which, in most cases, will continue to be the traditional state-run telephone companies - seem likely to favour local compa-

In the UK, Vodafone - one of the two operators - has awarded its initial £50m contract to Orbitel of the UK and Ericsson. It has made clear that Orbitel, which is Vodafone's sister company, will get the lion's share of future

orders. Ceilnet, the other UK operator, has chosen Motorola of the US for its initial system. How-ever, Mr. Colin Davis, its managing director, said this was only because Motorola would

be manufacturing the equip-ment in the UK. In the rest of Europe, where

bids are due any day, the picture appears to be as follows:
Alcatel and Matra (two French companies) are each likely to win contracts in France; Siemens, the local electronics giant, is the favourite is West Germany, and, in Scandinavia, Ericsson is expected to be the lead supplier However, two factors temper

this economic nationalism. First, although a domestic manufacturer will often prove to be the lead supplier, it may not be the sole supplier. Over the past year, Europe's manufacturers have been forming themselves into consortia to share research and develop-ment costs, and bid for contracts jointly. Matra and Orbitel, for example, have an arrangement to use Ericsson switches in their bids for contracts and are co-operating on

software development.

The second factor is that the use of common technical standards means that operators will be able to switch from one supplier to another with comparative ease. So manufactur-ers chosen as an initial sup-plier may not find they get repeat business if they are too expensive or if their technol-

ogy is not up to scratch.

The market for the mobile phones themselves seems likely to be competitive right from the start. Although European manufacturers will have the benefit of having been closely involved in the development of the original standards, they will be selling in the open market and it is clear that there is still a long way to go hefore marketable products

Japan's strength in semiconductors is likely to give manufacturers such as NEC, Toshiba and Panasonic a head start in getting digital phones small enough to be truly mobile. Europe's weakness in this area was shown earlier this sum-mer, when Orbitel proudly presented what it claimed was the first digital "mobile" phone in the world. It was the size of

Hugo Dixon



The Multitione Staffguard System is a small, lightweight unit, clipped to a beit or carried in a pocket and is ideal for anybody working alone or in an isolated or hazardous environment. The system divides the area covered into 10 zones, thus allowing the control centre's personnel to identify the whereabouts of the call very quickly. The unit's signal can set off a general siert or a radio pager If a specific person is required SERVICES IN EUROPE

A competition bandwagon

THE CREATION of a bers of subscribers in the UK pan-European mobile phone has been impressive and other pan-European mohile phone network not only provides an opportunity to give a boost to European manufacturers. It is also a chance to rethink the way that mobile services are

provided to the customer.

The key question that needs to be answered is how much competition there should be in the provision of these services. Should they be supplied exclusively by state-run monopolies, or should there be

several competing suppliers?
The UK's operators — Cellnet and Vodafone — are emphatic that competition is best. They contrast the spectacular growth of cellular tele-phony in the UK with its sluggish performance on the Continent, apart from Scandinavia, and attribute this to the structure of the UK market. "All countries are big enough to support two operators," says
Mr Colin Davis, Cellnet's managing director. "It depends on
the political will in the country concerned."

This competitiveness is said to result from three factors: • there are two operators in the market not one, as in most

of the rest of Europe;

British Telecom has to maintain an arm's length relationship with Cellnet, of which it owns 60 per cent, so preventing it from abusing its nearmonopoly position in main-stream telecommunications to dominate mobile telephony;

about 60 service providers rather than the operators themselves are responsible for selling mobile services direct to the customer, so providing further market competition.

This structure, it is argued, has led to vigorous marketing of cellular telecommunications in the UK, a mushrooming in demand and a better deal for customers. Some of these claims are difficult to prove. For example, although the prices of mobile phones are falling steadily, the price of making the phone calls has remained at obstinately high levels. And the large profits that Vodafone and Cellnet are now beginning to make have led to suggestions that the two operators may not be competing in those areas where it hurts them most,

Even so, the growth in num

European countries are begin-ning to take the argument of competition seriously. France and West Germany have decided to license a second operator. Although one of these licences will be granted to the state-run telephone monopoly, in each case one licence will go to the private sector. This may, in turn, lead to the development of a service provider concept, as operators compete with each other to expand their distribution chan-

nels as fast as possible. A move towards competitive structures would also help those companies with extremely unlikely that any European government would grant a foreign company a licence to run its only cellular service, hnt it might well allow a foreign company to own a share of one of its two services. Vodafone, for example, has already taken a 4 per cent stake in Cofira, the cellular rival to France Telecom, and would like to set up joint ventures in other countries. BT

has similar ambitions. Once the competitive structures of the markets have been determined, the operators will still have to decide many nitty-gritty details about how their networks will interlink. How, for example, will a Swede in Paris make a call to Milan, and how will he be charged? The present thinking is

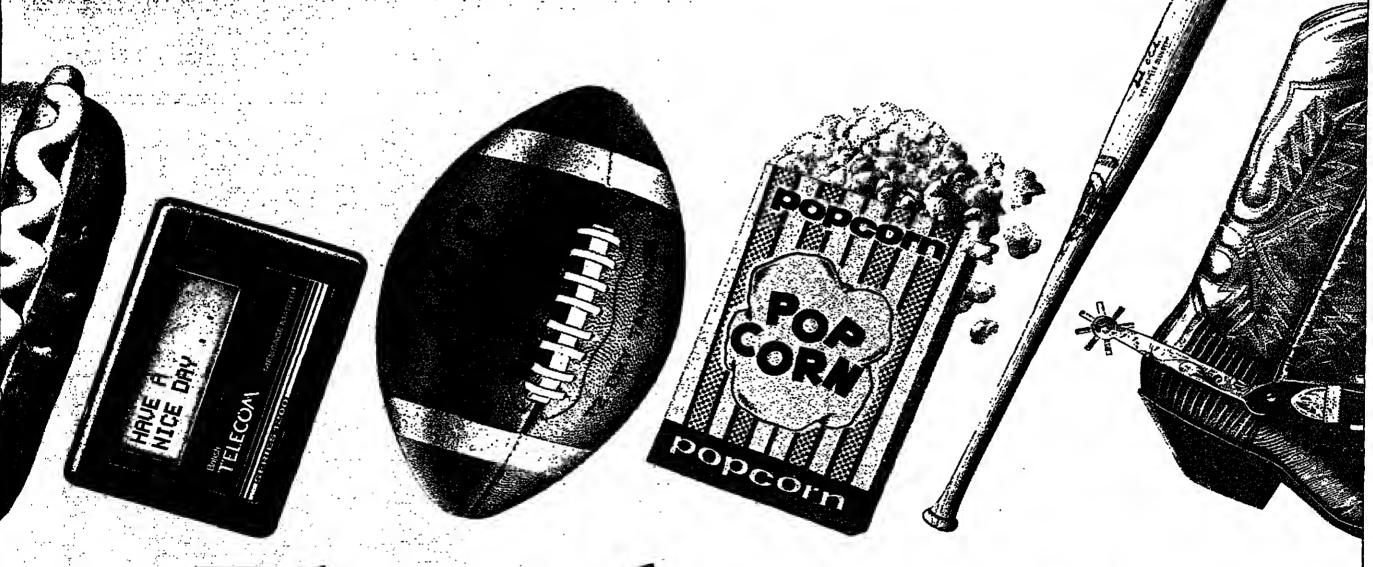
■ The Swede's phone will send out a digital code which will enable the French system to recognise him or her immediately as a visitor.

■ The French system will communicate with the Swedish system's computers to verify cut off for failing to pay a hill.

When the call is finished, the French operator will send a hill to its opposite number in Sweden, which will then charge the custom

What has yet to be decided is how this structure will fit into a market which has several operators. How will the Swede's phone know whether to nse France Telecom's network or Cofira's and how will the revenue be shared out?

Hugo Dixon



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Della Bradshaw looks at the rapid progress of mobile cellular radio services

Growing quickly causes problems

government decided to license two competing companies to operate mobile cellular radio services it was a unique experiment in Europe. Four and half years after the start of the two services the policy has had both its triumphs and its

The number of customers on the two networks has grown unexpectedly quickly. Racal Vodafone, one of the two licensed operators, now has over 200,000 users on its network, which makes it probably the largest single cellular mobile radio network in the world. Its rival Cellnet, which is owned by British Telecom and Securicor, will not reveal its figures, but estimates put them at over 180,000 and growing at the rate of 11,000 new customers a month

But with that growth has come problems. "The downside is that we have been forced by than careful planning would allow." says Mr Peter Waller, marketing director for Cellnet. Both Racal Vodafone and Cellnet have had problems during the past four years because there have been too many calls made for the capacity of the

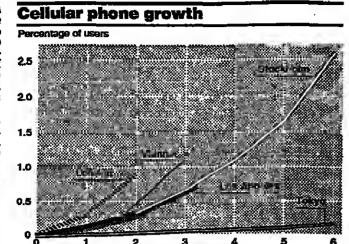
Both the operators have engineered their way out of the difficulties, putting in extra telephone exchanges and extra "cells," each of which contains a radio transmitter and

receiver.

Each cell works on a different radio frequency to its neighbour; the smaller the diameter of the cells the more often the same radio frequen-cies can be used, and so the more calls can be made. Now, according to Mr Chris Gent, managing director of Racal Vodafone, the worst congestion rate is between 10 and 15 per cent during the busiest hours

on Vodafone. In addition the two operators have been given extra radio channels in the London area, the most congested area in the UK, to try to alleviate the prob-lem. Cellnet has asked the government if those radio channels can also be made available in other major cities, such as Birmingham, to cope with the

congestion.
The UK is not alone in having to increase the number of radio channels needed for its analogue cellular radio service. aggressive marketing of ser-



Scandinavia the Nordic Mobile Telephone (NMT) system has faced similar congestion problems. Four countries operating the NMT system - Sweden, Norway, Finland and Denmark - have had to introduce a secon pan-Scandinavian cellular network, to cope with the

overcrowding.
The first NMT System. NMT 450, which operates in the 450MHz waveband, was opened at the end of 1981, and the NMT-900 system, operating in

vices, has been cited as the reason for the explosive cellular mobile phone growth in the UK, the same cannot be said for the rapid growth in Scan-dinavia. There each country has a single cellular network which is run by the traditional

telephone operating company.

The recent experience of the Swedish operating company Televerket in trying to sell its NMT-900 service has demon-strated that the Swedish pubas the key factor in choosing a

The operators have engineered their way out of the difficulties, putting in extra telephone exchanges and extra "cells", each with a radio transmitter and receiver

the 900MHz band, in December last year. Customers on the NMT system in one country can use the service in any of the other three countries. The four countries needed the extra channels because of the boom in cellular sales there. In Sweden, for example, which has the highest number of cellular radio customers in Scandinavia, there are now 200,000 customers on the two NMT networks. And Norway has one of the highest penetrations of cellular phones in the world, with 32 phones for every

1.000 people Although the introduction of competition, and the resulting low prices of equipment and

mobile radio system. Although the NMT-900 service has been in operation more than a year and a half, there are still only about 20,000 customers using the service in Sweden, compared to the 175,000 using the older NMT-450 network, That is despite the fact that the newer system has lower subscription charges and the equipment is also cheaper. Mr Claes Tadne, marketing manager for Televerket Radio, the cellular operator in Sweden, says the main reason for slower take-up is the lack of handsets and the limited coverage area. Because the older NMT-450 system has a

are still continuing to sub-

scribe to that rather than the newer, cheaper system.

Mr Tadne believes there are two factors why cellular services in Scandinavia have been so successful. The first is the size of the Nordic countries and the distance between cities, and the consequent need for business travellers to have cellular phones. In addition, he says, Scandinavian countries have had some form of mobile radio communications since the 1960s, and so are familiar Both France and Germany

are looking at the UK experi-

ence of competition and plan-ning to imitate it. In France the PTT, France Telecom, launched its analogue Radiocom 2000 mobile radio service in November 1985, and it now has more than 70,000 subscribers on a network which covers virtually the whole of France. Soon the PTT will face competition from a conglomerate of French and international companies led by Companie Général des Eaux, which has a 41 per cent stake in the new company, Cofira. Other share-holders in Cofira include Credit Lyonnais, Racal, Bell South (one of the US Bell oper-ating companies), the Belgian

company Fabricom and Mag-neti Marelli of Italy. Cofira has been given a 15-year licence by the French government to run mobile radio services which it will do under the name Société Français de Radiotelephone (SFR). The nadiotelephone (SFR). The service will begin in March next year in Paris, and will cover 85 per cent of the population of France by the end of 1991. As well as running an analogue radio system, Cofira is likely to be one of the two operators of digital cellular radio services in France when the pan-European cellular radio network comes into operation in the early 1990s.

In West Germany, the bas-tion of the state-owned and run telephone service, liberalisation has also been promised. The German Bundespost and its would-be rivals are still waiting to hear the details of those plans. Meanwhile the Bundespost's C-450 analogue cellular radio service, which came into operation three years ago using equipment from the German electronics giant Siemens, now has more than 75,000 subscribers.

That figure is likely to rise

vices come into operation, according to figures from CIT Research, the business research organisation. The number of subscribers is likely to grow at a similar rate in France, where CIT predicts

end of next year and 280,000 by 1991 when the first digital ser-

that 120,000 mobile radios will be in service by the end of 1989 and 240,000 by 1991. But the European country with the base in 1991 looks like being the UK, with 675,000 users although both Racal Vodafone and Cellnet say they have the capacity to handle up to 1m subscribers between them in the early 1990s.

In the four Scandinavian countries there are likely to be more than 800,000 cellular ne users by 1991,

Although France and Ger-man are planning to introduce competition in the provision of the radio networks, the British ent went further in its government went further in its liberalisation policies when introducing cellular radio to the UK. It prohibited the two network operators from dea ing directly with the phone

Instead, they had to appoint a number of competing retail-ers, which in turn could appoint their own dealers and installers. The accredited retailers are responsible for billing the customers, and the dealers for selling the phones and installing them.

As the retailers and dealers have been allowed to sell the cellular services in their own way, there has been a number of different approaches to the market. Some dealers, for example, choose to sell the phones very cheaply while charging more on the phone calls, while others bundle their charges together to include a remium maintenance service.

That has resulted in some confusion in the marketplace, but Mr Chris Gent of Racal Vodafone believes the system does work, as it gives custom-ers the option of choosing a package which suits them. "I think it's good news as long as customers shop around. They must shop around, that's the key thing," he says.

Mr. Peter Waller of Cellnet believes the way the industry

is structured means the operator is not close enough to the customer, who in a minority of cases can have problems with the installation and service of the phone and subsequent operating difficulties. His advice to any countries planning to introduce competing radio networks is to opt for the accredited retailer system, but to introduce egislation for installers and alers to make sure the cusRADIO DATA SYSTEMS

The most efficient way to put the driver in the picture

COURIERS AND taxi-operators both suffer from the same problem - getting information to the driver accurately, safely and quickly. Not only is he probably on the move at the time, and so cannot take notes, there is also the limitations of radio communications with

There is congestion on the roads and a shortage of radio channels, there are crackles and pops and, often, break-through from other radio systems. Furthermore, in the ase of couriers, the driver is frequently away from his vehicle but they need to make sure he will get the message

when he returns. To overcome these problem and to provide a more effective service in the face of growing competition, service companies such as these are increasingly moving to radio data systems.

Using voice, it takes about 1.5 minutes to provide information that radio data can give in four seconds

The requirements of the two types of users are somewhat different in that the courier firm just needs to provide its driver with pick-up details while the taxi firm needs to ensure that details of a new job are broadcast to all drivers who are plying for hire in that particular locality so that they an "bid" for it.

The courier firm DHL, for example, has some 250 vehicles serving a 60-mile radius around London. They each have a small printer in the cab linked to the van's radio. This allows them to receive pick-up details such as name, address, floor of building and telephone number in case of queries. Using voice, it used to take about 1.5 minntes of dialogue to provide this information; now it now only takes four seconds and it does not even matter whether the driver is in his vehicle.

The plan is to extend the sys-tem to cover the whole of the

With voice-based systems, when the taxi dispatcher announces abridged details of a job, the first driver who responds gets allocated the job and is supplied with full particresponds by voice while with others he hits an "Accept" but-

Because of the quality of radio, it is possible that the initial job details may be misheard and then quite a long dialogue will be necessary before full details can be taken down correctly. The various delays in the system can mean that it might take up to 10 minutes between the start of the phone booking until the cab actually receives the job. To this has to be added the time it takes for the cab to get to the pick-up

In addition, when accepting by voice there can be accusa-tions of favouritism by drivers who feel that dispatchers have allocated jobs to their pals. All in all, with the growing amount of traffic, the radio channels are becoming saturated and this is not a satisfac-

tory method. Computerised taxi despatch systems, however, can increase productivity, help provide bet-ter service to customers, and improve working conditions for drivers. They employ com-puter terminals in the cabs which communicate, via the normal radio channels, to the taxi firm's centralised com-

various techniques, such as automatically repeating each message two or three times, are used to ensure that the information received is error-free. Even with these additional precautions, it takes only a few seconds or so to send the required information to the vehicle. This means that the available radio channels can support a far greater num-

her of users.

At the present moment, there is a frenzy of activity at Dial-a-Cab, one of London's leading black cab companies. It has already fitted some 250 with data terminals and the installation programme is contiming at the rate of 32 taxis a day. The aim is to have all 1,420 fitted when the system, which already has Public Carriage Office (PCO) approval, is scheduled to go live on October

Canadian company, Mobile Data International, will be one of the largest computerised taxi despatch systems in the world and the first one in the UK. Mr Ken Burns, Dial a Cab's

The system, provided by a

chairman, explains how it works: "Taxi drivers key their the specially-designed com-puter in the cab. The system

each of the zones late which London is divided. They can then, or at any time, check how many cabs are queueing in adjacent zones, just at the touch of a button. This means that drivers are able to move so as to provide a better ser-vice to their customers."

Once a call comes into the operation centre, and the operator has keyed details into his/ her VDU, it only takes seconds for the system to work out which cab is the first one available in that particular zone and send it the details. Then, the required address etc. appears on the terminal in that driver's cab. The driver hits a button on his terminal to accept the job; otherwise it is passed to the next available

London's largest radio taxi company, Computer Cab, which has 2,500 taxis on the

The system keeps a queue of all the cabs in each of the zones into which London is divided

At 2.5 Bridge

whether cha

in mesecut

road, has no intention of being left behind. According to Ms Miranda Twiss, its spokes-woman, it also has PCO approval for its Admiral sys-tem on which it has started trials. The system will involve 100 cebs and will provide "Ala! 100 cabs and will provide "digi-tal details". That is, once a driver has accepted the job, be will be sent full details digitally to a terminal in the cab. As soon as the trials prove satisfactory, the equipment will be installed in the whole fleet. Once that gets well under way, Computer Cab aims to move to direct vehicle location which obviates the need for the

driver actually to key in the position of his cab. However, before this occurs, it is likely the competition will have hotted up between Lon-don's cab companies as Radio Taxis (London), another of the capital's radio cab companies, expects to have its system from Mobile Data operational by next April. The improved service that results will be vital after all the competition is for account customers, and it is service for which they pay.

Adrian Morant

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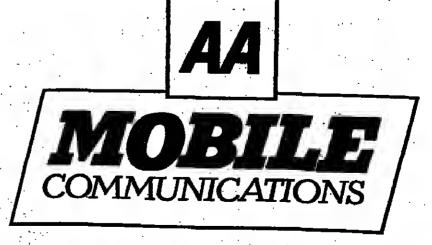


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UK government move frees airwaves and widens options for users, while giving manufacturers a more attractive market

Prospect of 1m subscribers woos car radio networks

THE NEW field of cellular mobile telephony has expanded with such speed over the past few years that it has distracted attention from the longer-established car radio business. But the conventional car radio industry is also now in the threes of radical change, moving into an era of a much larger volume market and larger volume market and increasingly flexible use.

increasingly flexible use.

The key to this evolution lies in the regulatory framework governing the use of airwaver. Following an official report in the early 1980s, the UK government decided to allocate a part of the broadcasting spectrum which had previously been used for television transmissions to the car radio sector, at the same time sector, at the same time licensing a number of new operators. This has had the effect of making it economically viable to establish trunking systems in the industry – networks in which users can go to a central operator who can allocate lines from a number of channels. The establishment of this networking concept, broadly

There are suggestions that further channels will be released by the government later

labelled the Band Three Radio system, has dramatically widened the scope of user

Previously, users of mobile car radios had two options. They could go to the govern-ment and receive a licence to nse a particular channel on which they could establish their own private system; or they could subscribe to a local community repeater system.

Both of these alternatives

have had significant prohibitively expensive for all but the largest users such as the police or the electricity gas utilities. Such organisations have built their own national systems, becoming radio telephone operating companies in their own right in order to run their services - an option that is clearly not available to most

number of local subscribers in effect share party lines in a fairly constricted geographical area. While cheaper than operating a tailor-made service, this has the disadvantage of limited coverage and lack of security. It is easy to listen into the lines, and the quality is not always high.

The change brought about by Band Three can be seen most clearly at national level. Under the new government regime, two country-wide operators have been licensed, charged with the establishment of car radio networks that will cover at least 80 per cent of the population.

The two operators, National One, backed by the General Electric Company, and Band Three Radio, a consortium comprising Philips, Digital Mobile Communications, Racal and Securicor, have each been given an initial tranche of 100 channels. At this level it is calculated that a national system becomes economically viable.

Capacity can be multiplied by using the same frequencies in different areas where transmissions do not overlap that it can achieve a capacity of about 550 channels within the UK in this way; and mes-sages can be sent the full length of the country by using radio links for the local calls, but then linking the regional exchanges into a wired net-work leased from British Tele-com and Mercury.

The regulatory changes also included a move towards marketing through service providers and the establishment of common standards so that equipment designed for one network could be used on another. Both of these ideas have also been used effectively in the cellular mobile industry as a means of stimulating com-

Service providers, who sell high street level, are expected to compete vigorously for busi-

to compete vigorously for business; and common standards
mean that users are not locked
into one system, while equipment suppliers have a larger
market to serve.

"The new organisation of the
industry has given the operating companies a genuine incentive to invest," says Mr Callum
Mackie, sales and marketing
director of Band Three Radio. director of Band Three Radio. "At the same time, manufac-turers have a more attractive market to aim at because the market is potentially much larger," he adds.

rger," he adds. How these concepts will work out in practice is still to be seen. The industry at present is still in its infancy as the newly-licensed companies build up their networks. Band Three Radio, for example, is currently operating local and regional services with the aim of expanding these within a year or so into a national net-work. National One is similarly building up its infrastructure.

Market forecasters, however, estimate that the new trunked networks could double the size of the conventional mobile radio market by the mid-1990s, taking it from about 500,000 subscribers today to around

one million.
On the basis of the licences that have already been granted to set up the new system engi-neers calculate that 200,000 subscribers could be satisfactorily accommodated, and there are suggestions that further channels will be released by the government at a later date. Some executives believe that the 200,000 subscriber level could be reached as early as

These optimistic forecasts are based on the conviction

"Investors might use cellular for managers, but Band Three for service staff"

that there is a substantial business market for a cheap alternative to cellular mobile telephony. Band Three technology is not as expensive to instal and operate as cellular because the radio cells which it uses are larger - hence requir-ing fewer transmitters and other equipment - while long-distance calls are des-patched through fixed leased lines to subscribers within the same company rather than switched to corresponding lines anywhere through the conventional telephone system.

Mr Mackle says that present stimates indicate that the cost of national calls under the Band Three system will be only about 60 per cent the price of a connection via the cellular network. This, he believes, will be highly attrac-tive to companies that want to make frequent short calls to a number of their personnel -businesses, for example, that have to control service engineers from a central headquar-

ters, or companies running dis-tribution fleets.

"A typical investor might use cellular for its managers,

Portable link-up

The British-designed and bui E-Note, recently launched by Trend Telecommunications, is claimed to be the world's first portable remote data mications and nessaging terminal.

in remote locations. It provides a printed record of

calls.
At 223mm x 230mm x to slip into a briefcase.

but Band Three to control its service staff and distribution organisation," he says.

At a local level, Band Three will be still cheaper for those companies opting for a service that will only allow them to communicate within a city or a region. These types of subscribregion. These types of subscribers are likely to account for a ers are likely to account for a substantial proportion of the total market, which is expected to comprise regional services at around 50 per cent of the total, with local services accounting for another 25 per cent and national making up the other 25 per cent.

Longer term, there are two broader questions that will influence growth. The first is the extent to which the big companies currently operating

companies currently operating their own dedicated systems might be attracted into the trunked networks. There is some incentive for the govern-ment to mudge the industry in this way to make better use of the available frequencies, and the new system may well be substantially cheaper to oper-ate than dedicated networks.

pean network. Technically, this should be possible, and there might well be a satisfactory market as trading between countries in the Community increases.

There are hopes also that the

region will move towards a common operating standard – France, for example, has shown interest in the standards adopted in the UK. But executives concede that these opportunities are very much on the horizon at present. For the moment, the priority is to build a viable UK

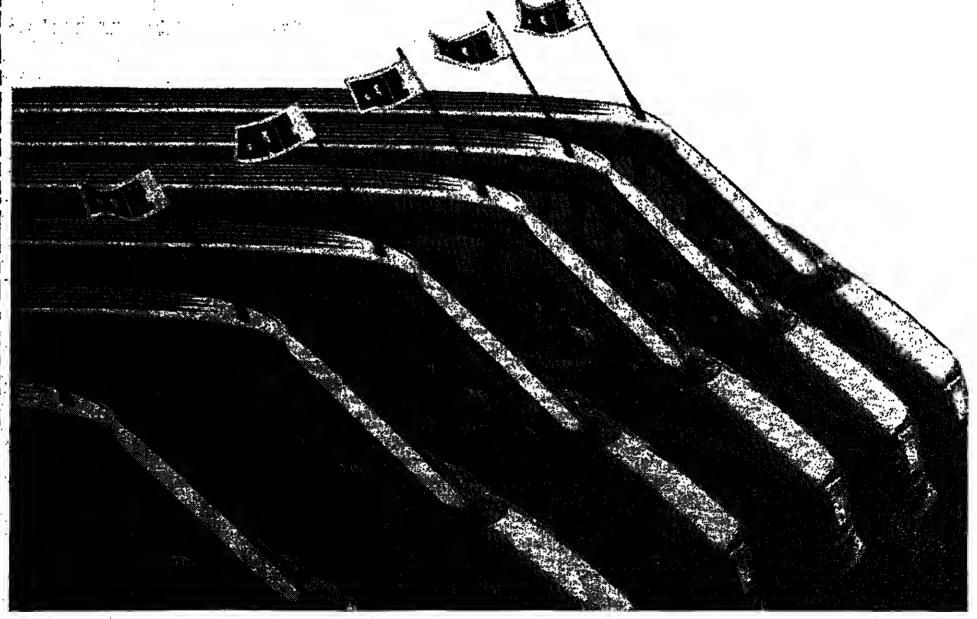
Terry Dodsworth

The Metropolitan Police has now ordered more than 2,000 table radio to Halse w

the Thames River Police. The radio boasts a which can be clipped to a uniform lapel or pocket, w The second is the degree to which Europe may come



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THE USE of different radio frequencies for transmitting signals has so far prevented the development of international paging in the same way that similar problems have delayed the creation of international cellular telecommunica-

tions services However, the solution to the problems of fragmented paging markets is likely to be different from that which is being advocated for cellular telecommunications. This is because, in many ways, paging is its poor

The hleeper has neither the glamour of a car phone nor its industrial importance. Moreover, while it is possible that significant numbers of husiness people will want to travel around Europe using the same car phone, it is unlikely that there will be so much demand to roam around with a pager. The solution to Europe's

fragmented market in cellular telecommunications has been to knock manufacturers' heads together to produce common standards and to clear away a common set of radio frequen-cies for the phones to use. The Continent's fragmented paging market is unlikely to spur the civil servants into comparable activity. Clearing away a com-mon set of frequencies is a complicated diplomatic task, a the existing users of those fre-quencies - who are often the shifted elsewhere.

The way forward is therefore likely to involve following the approach that is now being adopted in the US, where different states use different fre-quencies for paging. The coun-try is developing nationwide paging hy a new piece of equipment, called the scanning pager, which is able to operate on a whole range of different

In addition to offering a solntion to regional paging prob-lems, the scanning pager proRADIO-PAGING The argument is due to be SUBSCRIBERS settled later this year at a meeting of CEPT, the Euro-IN EUROPE pean standards body. The scan-Subscribers ning solution is expected to be

18,850

80,400 18,500

50.124 14.500 92,180

vides a route to international

paging. This was one of the reasons that British Telecom,

Europe's largest paging opera-tor, earlier this year bought 80 per cent of Metrocast, a US paging operation which has pioneered the use of the scan-

ning pager. BT plans to offer its customers the first transat-

lantic paging service.

Some of Europe's manufac-turers, however, are opposing

the scanning pager solution. Mr Alexander Poliakoff, chair-

man of ESPA, a European trade association for the pag-

Paging is the poor

relation since the

bleeper has neither

the glamour of a car

phone nor its

industrial importance

ing industry, and president of

Multitone, a UK paging manufacturer, says that the scan-

ning pager, hesides heing hulky, will be more expensive for the consumer. However, he

denies that his opposition has

anything to do with the fact

that the scanning pager is cur-rently produced only hy NEC,

Things

are happening in

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Whatever is decided on an international level, domestic paging is likely to remain the predominant activity. Within the UK paging market, there have been two main developments recently.

The first has been the introduction of more sophisticated pagers since 1983, which do not simply give out a hleep alert-ing subscribers to the fact that ng subscribers to the lact that somebody wishes to contact them. The new "alpha-nu-meric" pagers display mes-sages, telling subscribers who to call and on what number. These alpha-numeric pagers have proved extremely popular and Digital Mobile Communications, one of the UK's paging operators, estimates that almost half the new subscrib-

ers are choosing them. The second development in the UK has been the attempt to create more powerful competition in a market still domi-nated by British Telecom. BT accounts for over 80 per cent of the country's 500,000 pagers. BT owes its dominance largely to two key factors: it

has heen in the market so much longer than any other player, and its earliest competiors were not able to challenge it effectively. There were also complaints that BT made it dif-ficult for its rivals to interconnect with its mainstream tele-

The upshot was that, although the three competitors Air Call, Digital Mobile Communications and Intercity were licensed in the early 1980s, they are only now beginning to huild national networks and market share.

UK government's response to this was to license further operators — Mercury Communications, Racal Telecommunications and Pagenet Mercury and Racal were chosen hecause it was thought that these were large compa-nies, experienced in other areas of telecommunications, which would be well-equipped to challenge BT. Their operations are still in the

start-up phase. Pagenet was a rather different case. It was a consortium of four paging companies — Air Call, Digital, Intercity and Pageboy. The idea was that, by clubbing together, these smaller operators would be able to share the costs of going

nationwide. In the end, the Pagenet licence was not activated for over a year, and two of the members of the consortium dropped out. It was only last month that the consortium's remaining memhers - Air Call and Digital - decided to move ahead with the project in a deal which also involves a par-tial merger of their networks. The whole package was designed to strengthen the companies, which are the second and third largest players in the UK market respectively, vis-a-vis BT. It remains to be seen if they will succeed.

fit from that shift is the Swed-**Hugo Dixon**

CELLULAR RADIO

In the US there are 75 operators - but Japan has only one

AT &T's Bell Laboratories first invented cellular radio. Ten rears after the first trials of the system the US market is justifying its position as one of the world leaders in the tech-

There are now over 1.6m cellular radio subscribers in the US, in over 180 major cities. Over half a million of those have been introduced to the system in the past year.

As in the UK, every cellular radio customer has a choice in the US between two competing cellular systems. In each allo-cated district the Federal Communications Commission (FCC), the organisation which oversees regulatory and licensing issues in the American telecommunications industry, automatically gives one cellular licence to the local telephone company, or Bell Operating Company (BOC), and a second franchise is open to

Although BOCs are allowed to bid for franchises only in their own telephone areas, several have now bought up franchises in other areas, initially won by private companies. Bel South, South Western Bell and Pacific Telesis (Pactel) have all made major acquisitions. Pactel, for example, whose home base is California, now runs a cellular radio service in

Atlanta, Georgia. Some of the independent cellular radio companies have also been on the acquisition trail and bought out franchise in other areas. As a result of that consolidation, there are now ahout 75 cellular radio companies in the US, according to Lyn Rose at the Cellular Telecommunications Industry Association in Washington.

One of the major concerns for the cellular operators now, she says, is to make sure cus-tomers on one network can automatically "roam" onto another network (make phone calls on it) without having to register first with a different operator. That is mainly a question of commercial negotiations rather than technical

Although the American cel-lular market has seen some consolidation in the number of operators, that number is growing again. Now that all the major cities in the US have cellular services, the smaller towns and rural areas are being introduced to them as and rural franchises are np for grabs. Victor Krueger, vice-president of the telecommunications industry service at American industry analysts Dataquest, says the move to service provision in rural areas will be reflected in the type of equipment bought by the operating companies. "In the early days the large cities were cov-ered, which favoured the large exchanges. As the services move out into smaller towns and rural areas, then the mar-

and roral areas, then the mar-ket will grow for smaller exchanges," he says.

Mr Krueger believes one manufacturer that could bene-



ish company Ericsson, which in 1987 captured 8 per cent of the US cellular radio infra-structure market. AT&T scooped 37 per cent market share and the American manu-facturer Motorola 36 per cent. Motorola is the leading indigenous manufacturer of cellular radio handsets in the US, competing with international names such as the Canadian firm NovAtel, the Finnish company Nokia-Mobira and a num ber of Japanese and other South-East Asian manufactur-

One manufacturer which might benefit from the shift to

smaller exchanges in the US is the Swedish company Ericsson

Motorola is also a leading manufacturer in the US radi-opaging market, which like the American cellular radio busis is extremely fragmented. There are about 1,000 radiopag-ing operator companies in the , operating on a local or donal basis. They offer services across a range of radio frequencies, which means that not work on another network. Between them the 1,000 operators have about 7m paging customers, and the market is growing by 20 per cent a year. in addition, the FCC has

licensed two companies to operate nationwide paging services, National Satellite Paging and Contemporary Communications. National Satellite Paging, the larger of the two, now has about 10,000 subscribers. A third nationwide paging opera-tor may also be licensed.

In contrast to the 75 cellular radio operators in the US, Japan has only one company selling cellular radio services. That is Nippon Telegraph and Telephon (NTT), which runs the domestic Japanese tele phone service. However, the traditional telephone company will face competition from the end of this year, when a fur-ther two cellular radio operators will begin operations.

Rach of the two new opera tors will be given half the country as its coverage area -NTT is licensed to provide coverage throughout Japan.
That has already proven a successful formula in the Japa-

nese radiopaging market, where NTT provides a national radiopaging service, and sor 20 other companies provide local or regional services. There are now nearly 2.8m radiopagers in use in Japan, and, as in the US, the market is growing by about 20 per cent

Although the NTT cellular network has been in operation since 1979, it still has only 180,000 subscribers. One particular problem is that although the network covers a high proportion of the country, up to half its subscribers are concentrated in the capital, Tokyo. That means that like cellular radio operators in other capital cities such as New York and London, NTT is faced with tre-

mendous congestion problems. NTT is looking for a technical solution to the congestion. and is planning to produce a high capacity system to work alongside the current network. The current cellular system has 25 kHz spacing between each call channel — the same as on the British cellular radio systems. However, the system under development will have 12.5 kHz spacing, which means

launching the multi-system 2960 at Comex 85, Sandown for the first time all of the world's major cellular radio networks plus the new Band III system exist together in one transportable package. The 2960 combines AMPS. TACS, NMT-450/900 and the new Band III system into a special adaptor, integrated

Marconi Instruments, in

with the 2956 Radio Communications test set, and the desired system is easily elected from the front panel. All of the instrument ttings may be saved in non-volatile stores, permitting rapid changing between systems of configurations. The testing philosophy used with the well-proven 2955 is incorporated in the 2960

reducing the learning time for existing TACS users. The new Band III mode tests mobiles by simulating the functionality of a base station or tranking system controller to check the data signalling and prove that the radio is working as a whole rather than as discrete modules.

NEC is also supplying network infrastructure equipment to one of the two rival cellula radio companies, which is building a network based on the NTT NAMTS cellular standard. Its rival nawcomer is planning to use the British-de-veloped Total Access Commu-nications System (TACS). The Japanese electronics

giant is also one of three major manufacturers supplying equipment for the competing radiopaging networks in Japan. The other two companies supplying infrastructure and paging equipment are Mat-sushita and the Japanese arm

Della Bradshaw

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The high-capacity system is

being developed by NTT in conjunction with Japan's major telecommunications and

electronics company NEC.

NEC is also developing a "space diversity system" for

MIT, which involves fitting each car containing a cellular phone with two aerials instead

of one. That would mean in

highly congested areas like Tokyo, where the "cells" on

tha network are small and

close together, the car would continuously pick up two sig-nals and be able to pick out the

The Mobile **Communications Guide** will be available from IBC pic in December

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The Outlook for **World Mobile** Communications

London, Hotel Inter-Continental 7 & 8 November, 1988

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Mr Kouhei Nishino Nippon Telegraph and Telephone Corporation

Arthur D Little, Inc

Mr John Carrington British Telecom Mobile Communications

Mr Garry Garrard

Mr Olof Lundberg International Maritime Satel Organisation (INMARSAT) Dr Stephan Pascall

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MOBILE COMMUNICATIONS 7

Extending the advantages of mobility to the mass market

How cordless telephony could revolutionise people's lives

generation of cordless telephony. Unlike the present generation of cordless phones, which can only be used in people's homes, the new generation will also be able to be used in the office and out on the street

Cordless phones will soon be able to offer the consumer many of the things that are now available only on cellular phones. Some analysts are even predicting that cordless telephony will eventually take over from cellular telecommunications as the hot sector of the telecommunications business.

The reason for this bullishness is that cordless telephony could be the key to extending the advantages of mobility to the mass market. The industry expects there to be 3m users inthe UK and 7m in the rest of Europe by the early 1990s. Cellular telephony, despite

spectacular growth in recent years, has remained a business person'e market. This is because of its expense. The phones themselves cost around £700, there is an annual subscription of £800 and it costs 25p a minute to make a phone call in the UK.

Cordless telephony is expec-ted to be much cheaper: £200 for the phone, an annual sub-scription of 280 and a charge of about 20p a minute. Further-more, the phones are likely to. be small enough for people to be able to put them in their pockets. Cellular phones are either briefcase items or, more usually, bolted to a person's

Cordless phones will be smaller and cheaper than their cellular cousins, because they will use a simpler technology. To use them, people will have to be within 200 metres of a radio base station, tens of thousands of which will be dotted around the country in public or semi-public places such as

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garages, stations and pubs. Cellular technology is more sophisticated because it allows people to make phone calls when they are on the move. When people move out of contact with one base station, they are passed on automatically to next one without a break in their conversation. Moreover, callular phones are always emitting a signal, which tells the system where they are, so enabling users to receive incoming calls as well as make outgoing ones.

The inability to receive incoming calls and the need to look around for a base station before making an outgoing one has led some people to com-pare the new generation of

The phones are likely to be small enough for people to be able to put them in their pockets

cordless phone with public phone boxes. However, manufacturers argue that the limitations of cordless felephony are not particularly severe. The problem of not being able to receive incoming calls could be overcome by combining with the phones pagers, which somebody wanted to contact them. The problem of having to search around for a base sta-tion would best be dealt with by installing so many that there was always one within

Advocates of the market also

argue that cordless telephony will revolutionise people's lives instead of having several phone numbers for different locations — the home, the office or the car - people will have just one number. When the relevant equipment is developed, people will be able to use their cordless phones through their office switch-boards, on the train or in the air. Telecommunications cables will no longer be needed for ordinary voice communications — only for data commu-nications — and the expense and bother of wiring up offices

will be limited. The idea of using cordless telephony for all these applica-tions has been developed in the UK. And, last month, the UK

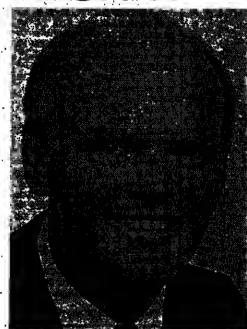
exploiting the market commer-cially when five telecommuni-Telecommunications (GPT) Orbitel, Shaye and STC. agreed on a common technical standard for the system.

The agreement on a common standard was important for

The agreement on a common technical standard will give the UK a chance to sell the concept overseas

• It will lead to a better deal for consumers. The adoption of a single standard should allow manufacturers to achieve economies of scale and so sell phones at chesper prices. Even more important, it will mean that users will be able to use their phones wherever they

'UK still in the lead'



BRITAIN is leading the way in the development of second generation cordless telephones, according to Mr Bill Jeffrey (left), managing director of Shaye Communications and chairman of the seven-company group which last month endorsed a common air interface

"From the viewpoint of UK Limited, the agreement to support one CAI standard at this early stage is heartening," says Mr Jeffrey. "Without it, our technological lead in cordless without it, our technological leaf in curious telephony would have been at risk.

"Now British manufacturers are in a position to establish a de facto European CT2 standard.
That would enable them to attack European

markets with great confidence."

The new CAI standard defines the radio ensuring compatibility between equipment produced by different manufacturers. This ensures that the consumer has choice of both

supplier and Telepoint service provider. The group, whose other members are GPT, Ferranti, STC, Orbitel, Mercury and British Telecom, hopes to finalise details of the specification by next mouth. It will then be made available to the Department of Trade

Products based on the new standard should be released by group members in 1990.

find a base station. They will

not have to look around for a base station that is compatible with their particular phone, as would have been the case if there were several incompatihle standards.

• It will give the UK a chance to sell the concept over-

seas. At present, there are no European or international standards for second-generation cordless telephony. UK they can build up a successful market at home, they will able to create a de facto standard in Europe and maybe elsewhere. This would give them a head start in exporting the products. However, if a common standard had not been agreed in the UK, many feared that it would be impossible to per-suade other countries to take-

them seriously. Before a cordless phone service in the UK can begin, two further matters have to be decided by the Department of Trade and Industry in consultation with the Office of Telecomputations: who should communications: who should the players be; and when

should they start operations?
The DTI has already said publicly that it will license between two and four operators and indicated privately that four is the most likely number. If four are chosen, the favourites would appear to be British Telecom and Mercury Communications (the two mainstream telephone operators); Racal Telecommunications, which owns one of the two cellular licences; and Fer-ranti, which has done much to develop the concept.

The decision about when the service should start is compli-cated by the fact that, although a standard has now been agreed, equipment conforming to that standard could take up to two years to produce. Most manufacturers argue that it is best to develop a market as quickly as possible using the existing incompatible stan-dards and transfer to the new standard when it is ready. GPT, however, argues that it is better to wait, as transferring from one standard to another would be a messy business.

Hugo Dixon

THE MOBILE OFFICE

Cost of wonderland

IT MAY seem far-fetched, but the day of the "mobile office" is just around the corner. A combination of the radio telephone, the portable computer and electronic mail services now makes it feasible to think in terms of the office

as truly "dynamic". Journalists can prepare their copy on a lap-top computer and file it via an acoustic-coupler and a modem. Travelling salespersons can "phone in" orders using a similar combination. And high-tech executives can accord their Laboratory can be seen the contract of the co send their Lotus spreadsheets through their radio telephones

in their cars.

Mr Tony Cleaver, head of IBM UK, for example, can link into IBM's corporate network, via an IBM PC Convertible and a radio telephone, from the back seat of his chauffeurdriven limousine.

But running counter to this vision of a high-technology wonderland, recent controversy about the cost of radio-telephone services and the peculiar economics of this infant industry have soured the marketplace and led to increased caution from

IBM's Mr Cleaver is, in fact, one of an elite minority. Most of the early customers for the equipment which makes the mobile office possible have been individuals, rather than corporations. This is no surprise, given that the radio telephone technology, the key to mobile office systems, has been available at reasonable cost only for the past two or three years. But the market is changing, according to mobile communications retailer Talkland.

Mr David Spriggs, group marketing manager for Talkland, says that corporate customers have stood back, waiting for the market to mature. The signs of this maturity are now evident. "We are seeing large numbers of corporate customers looking to equip their staff with radio-telephones now because they tool," says Mr Spriggs. He adds that the shift to

mobile communications goes beyond the obvious user such as a company's direct sales force. "Companies are installing the technology for a wide range of uses aimed at improving their ability to

Mr Spriggs estimates that a

Taikland has converted a Talkland has converted a Reneult Espace van into a showpiece for the mobile office under the product name Mobile Office Vebicle Equipment (Move). The unit includes a full-size Toshiba portable computer, a printer, a facsimile machine, a pocket dictation unit and no fewer than three different radio telephone systems. For those idle moments, spent waiting for international telephone connections, the back seat of the Move vehicle features a video, a compact disc player and a colour television.
Of course, the Move unit costs a great deal more than

A degree of maturity In what is still a very young industry

the £4,000 to £5,000 entry-level price. But it is a showpiece, rather than a serious product at this stage. Mr Spriggs sees a real product, which can be fitted to any car with the minimum of fuss, arriving in three or four years' time.

The year 1992 has other implications. In eddition to it being the year when the European market becomes unified, it is estimated that this will be the time when a pan-European radio-telephone system will first emerge. Earlier this year, European

governments signed an agreement on the evolution of the appropriate standards which will make it possible to offer a trial service by then. A full service is expected shortly after, in 1993-94.

This will not only allow users of such systems to roam around Europe conducting their business remotely through the telephone system, but it will also homogenise the market so as to allow volume production of standard items."This will definitely bring equipment costs down,"

comments Mr Spriggs.
It is less likely to have an effect on airtime tariffs. however. To reckon the cost of using mobile office communications, the purchase of the

mobile office, incinding the radio telephone, the modem and the personal computer, could be installed for about £4,000 to £5,000.

e q u i p m e n t is only the beginning. T be c nst of "airtime" – the time you actually use the communications system – is charged either by system - is charged either by the minute or the half-minute. This means that, if a call lasts just over a minute, it can cost the equivalent of two minute's worth of airtime at the expensive rate. This can make a difference of as much as £30 a

menth on the service bill, depending on the pattern of Sucb problems involved in purchasing and using mobile communications have led tn

two key developments in the past few months:

Dissatisfied users have set up the Mobile Phone Users' Association to provide a forum to put pressure on manufacturers and airtime suppliers to improve the service and reduce its cost.

 Several equipment suppliers have come together under the banner of the Federation of Cellular Retailers to put pressure on network operators. This forum is where the controversy over the conflict of half minute/full minute billing methods got its first public air-

Both of these developments suggest a degree of maturity in wbat is still a very young industry. The youth of the mobile communications industry is put into perspective by the results of a Price Waterbouse survey of senior computer executives in the UK. According to Dr Kit Grindley, a house, only 2 per cent of those surveyed saw any demand for "in car" communications.

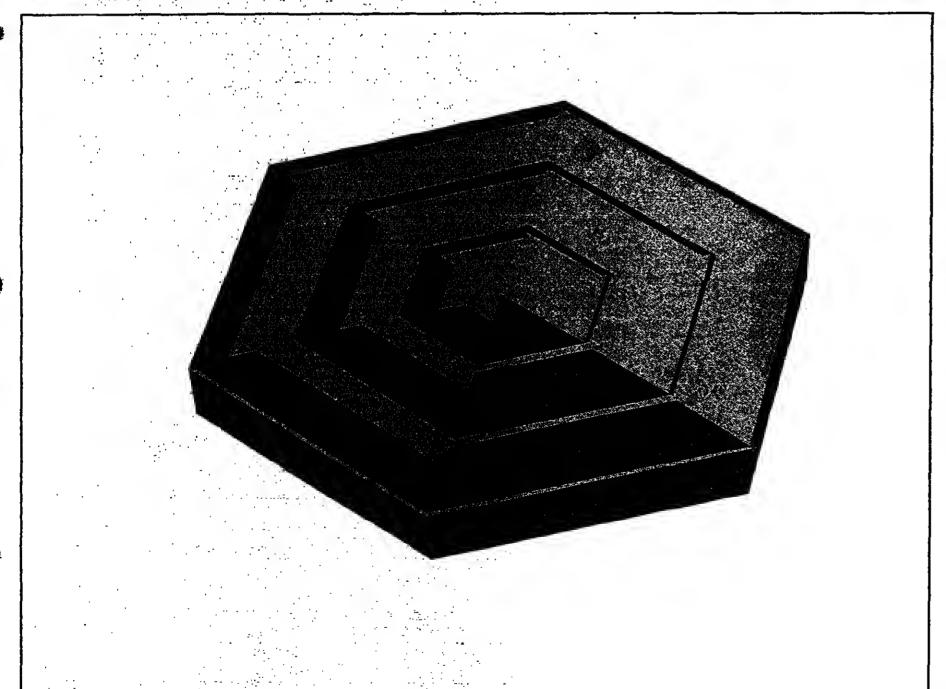
"The police are the only group which seems to have any real interest," says Dr Grindley, "and they want to be sure that a mobile office computer system will be secure."

Mr Spriggs of Talkland acknowledges that it is still early days for the industry and estimates that only 5 per cent of his company's current revenues come from office-related

There must be increased integration of the computer and communications equipment and more focus on spe-cific applications. I think it will only be three or four years before we start to see systems like Move in common use," he

Philip Manchester

Eurobe



The three-in-one efforts of AEG, Alcatel and Nokia pave the way towards the first Pan-European mobile radio network.

Ten million Europeans may be mobile telephone users before the turn of the century. When the Pan-European cellular radio network (GSM) is a reality, they will be able to reach anyone anywhere in the world - and they can be reached from anywhere, wherever they are in Europe.

The technical competence of the ECR 900 - European Cellular Radio 900 - consortium by AEG, Alcatel and Nokia will guarantee that the digital Pan-European cellular mobile network (GSM) will reach every corner of Europe and be economical for both network operators and users. This is made possible by the technical sophistication of such features as cellular network architecture, time and frequency multiplex access, digital radio switching and advanced coding technology. What could make more sense than to follow the lead of AEG, Alcatel and Nokia towards the first Pan-European mobile radio network?

ECR900 by AEG, Alcatel and Nokia. One European Cellular Radio system for all Europeans.

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Satellites seem likely to continue to have a role in international telephony and data broadcast

Moving targets can still yield rich pickings

THE SATELLITE is the tious. Instantaneous up cornerstone of contemporary of dispersed terminals (infor-international telephony. But it has never been considered to self-evident optioo; Ladbroke be anything more than e

temporary stop-gap.
The demand for satellite communications arose because the old and established cables, particularly those between Europe and North America, could no longer cope with the growing commercial traffic. But that was before the introduction of fibre optic cable

technology.

The fibre optic transatlantic trunk number 8 (TAT-8) is nearing completion; and the enormous capacity of using light locked within glass fibres will more than satisfy the transatlantic telecoms require-ments. Once that happens, there will be a choice of links: either a 3,000-mile connection by fibre optic cable or e near 50,000-mile connection into space and back again.

Even at the speed of light. there is an annoying quarter -second delay in satellite transatlantic conversations - and this is made almost unbearable if the echo cancellation techniques fail to work properly. Users will inevitably choose

the faster cable link. Which means either that the satellite industry will hava spare capacity for some other application; or that it will need to find another application in

order to survive.

Mr David Price is the general manager of L-Teq Data Systems, manufacturer and supplier of the highly specialist satellite modem equipment that helps put both voice and data into format that is transmitted to and via satellites. He believes that there are five non-military satellite telecoms applications

 standard telephony that will continue to expand in the Third World but will slowly decline overall:

back-up telephony for the

vulnerable undersea cables;
• televisioo broadcast;

mobile telecommunications.

The last two are the least obvious and the most interesting. Data broadcast by satellite is perhaps the most contenalready uses it to update all its betting shops simultaneously. But the greatest potential ben-efit comes from inter-active data applications.

That is a growing industry

in the US, and one that many pundits think will boom in Europe. A brochure produced by CAP Scientific for the European Space Agency provides a view that is likely to be echoed in the study entitled Microter-minal Services for Europe, undertaken by the same team for the same authority. It paints a rosy European future for data networks and microterminals (otherwise known as very small aperture terminals

But this is not e view shared by Mr Price. The potential of VSAT data networks is not in question, he agrees. "But we

VSATs).

is the organisation known as Inmarsat (International Maritime Satellite Organisation). Inmarsat operates nine satellites with a network of more than 20 coastal earth stations. It is e body with more than 50 signatory membars from almost all of the world's major maritime nations, and an inter-national headquarters in Lon-

usually the member country's PTTs; the US signatory is the Communications Satellite Corporation (Comsat, owning 23 per cent), while the UK signatory is British Telecom, with 14

per cent.
The original intention was to from yachts and fishing boats

The first telephone call from a scheduled airliner took place from a Japanese aircraft in October 1987 to the coastal earth station at Ibraki in Japan

still operate in a duopoly in the UK, whereas there are monopo-lies elsewhere in Europe. Why should Mercury or BT offer to compete against themselves when they are doing very nicely as it is?

"Anyone can receive data; hut only BT or Mercury may transmit it. Only when organi-sations are ehle to establish thair own privete networks will inter-ective VSAT data networks become a reality; and even then they will probably be limited to the large international corporations and the major financial institutions."

Which leaves mobile commu-nications. These can never be replaced by fibre optic technology simply because yon cannot plug a cable into a moving target. Over short distances, the requirement can be solved by radio links; but over longer spens one requires the conspans one requires the economy of satellite communica-

Inmarsat's signatories are

provida shipboard (ship-to-shore) telecommunications services, and there are already more than 5,000 vessels throughout the world equipped

to passenger liners and oil rigs. Voice and/or data messages are transmitted from earth station (or, in this case, the ship station) to the relevant satellite, from the setellite to a coastal earth station (CES) such as Goonhilly. At this point, the traffic is switched into the traditional PSTN.

But ships are not the only vehicles that cannot have traditional telephone connections: transcontinental lorries and aircraft are both prime targets
- and both markets are now being addressed by Inmarsat; to such an extent that a West German proposal recently suggested that Inmarsat's name be changed to the Inter-national Mobile Satellite

Organisation.
It is at this point that the cynic might realise that the likelihood of success for mobile telecommunications is greater than that for business networks since Inmarsat offers an edditional or new service rather than a competitive ser-

Mobile communications will

be promoted rather than inhibited by the participating PTTs because they will all stand to benefit — and it has to be said that British Telecom International is likely to benefit more than most. BT may have got little right over the last few years, but BTI can offer better international direct dialling than any other organisation in the world; which means that e disproportionate part of Inmar-sat's traffic goes through BTTs Goonhilly station.

However, whatever the reason for Inmarsat's success, there can be little doubt over the potential for international mobile communications. Con-sider the large intercontinental trucking companies. Every truck could be in constant touch with its data centre and each other. Details of new des-tinations, loads, depots, collec-tion and delivery details could all be received in transit via small Standard-C earth stations with omni-directional receivers on the roof, and the details displayed on a screen in

The potential for airborne telecommunications is just as extensive. International air traffic is increasing, and a large proportion comprises the movement of senior business executives. Until now, these executives have been literally incommunicado for the duration of the flight.

However, in October 1987, the first telephone call from a scheduled airliner took place from a Japan Airlines 747 to the coastal earth station at Ibraki in Japan, via Inmarsat's Pacific Ocean satellite.

So, although standard international fixed point to fixed point satellite communications will undoubtedly declina with the increasing use and capacity of fibre optic cables, nevertheless satellite communications will have an important part to play in worldwide telecommunications for many years to come.

Kevin Townsend

INTERNATIONAL PAGING

Europe on call for 1992

AS WE move towards the single European market the increasing number of salesman and businessman working out-and businessman working out-side their own countries will generate a growing need for radio pagers whereby messages will "follow-me" from one country to another.

At present there are 500,000 At present there are \$00,000 pagers in service in the UK. This is the highest density in Europe and is equal to 0.8 per cent of the total population (or 2 per cent of the working population). This is roughly double the rest of Europe.

Furthermore in the UK, generally recognized as the most

erally recognised as the most sophisticated pager market in Europe with six competitive network operators, the growth rate is currently estimated to be around 30 per cent a year.
Not only that but, according
to Ms Anne Kane, managing
director of Air Call Communications, 55 per cent of her comcations, 50 per can of her com-pany's new customers are opt-ing for message pagers. "In the industry as a whole, by 1991, we recken that probably 40 per cent of pager users will be using message pagers," she

says.

Current projections are that there will be im pagers in the UK by 1991 and that, for Europe overall, the penetration will reach 5 per cent of the

and Cityruf in Germany. While intended to cover only major conurbations, they are both ineffect national systems as they are under the umbrella of

follow suit and implement cor-responding systems. the major paging companies, with the exception of Mercury. will also construct a system

tional around the end of 1989. Together, they will permit city-to-city roaming across the various countries.

Buropage is essentially an interim system and is expected to be loaded with subscribers within about five years. It is a "follow-me" system so that callers will still have to telephone the normal number to initiate the scuding of a message, irrespective of where the user is currently located.

One indication of the British

One indication of the British influence on paging technology

Exhibition radio is a perfect fit Pace Communications is

exhibiting its range of handportables and new UK Fleetmaster range of mo at Comex 88 this year. The company is also the official supplier of two-way communications to

Frametrack, the organisers. Twenty Landmaster handportables are being provided with all the necessary back-up facilities for security, car parking and the conference hall.

A new four-channel compact handportable, switchable down to one watt, will be on . display for the first time.

Designed to fit into the hand perfectly, it is available in UHF, with VHF due shortly.

However, common goals are appearing. A UHF Europage office Code Standardisation paging initiative is under way across Europe. Alphapage is being constructed in France and Cityruf in Garmany White tive Committee in 1985 as the recommended code for radiopaging, and will be the basis for European paging net-works through into the mid-

the national PTTs. In addition, That multi-national initia-tive will use high speed POCthere is the possibility that Italy, Spain and Austria might SAG signalling operating at 1,200 baud - more than twice as fast as normal. Further down stream will be A British consortium of all ERMES, the European digital paging system. Thirteen member countries of CEPT, the organisation of European telecom authorities, are meeting to

operating on the same UHF frequency to cover London and the South-East. Called Europage, it is expected to be opera-tional around the end of 1989.



a maximum of only eight of them will be available in any one country.

This necessitates a pager that is able to "scan" across these channels so as to settle on the ones that are actually in use. Current chip technology is too power-hungry and so at present it is not possible to build a suitable acanning pager that runs from a single 1.5V battery. However, it is believed battery. However, it is believed that Plessey has some advanced technology that meets the needs for lower power consumption. This is a spin-off from work previously carried out on wrist-watch pagers.
It is estimated that only

define and then construct a

paging network operating VHF. The intention is to allow

roaming across the service areas in all these countries once the specifications have been agreed by 1990 and construction, coincidentally with the single European market, in

This paging system will require technology in advance of what is available today.

about 5 per cent of the user population will take advantage of the international roaming. Nevertheless, they will find it of inestimable value. This is because it is difficult to set up. a detailed programme in advance for an overseas business trip — and virtually impossible to keep to it.

Today, the UK market is the

most advanced in Europe. In addition, UK companies have already contributed to paging developments in other countries. For example, Air Call has set

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in complete turnkey systems in Ireland, Spain and Switzer-land, as well as in the UK. According to Mr Warren Tay-ler, the company's chairman, "we believe that Air Call is the only company with extensive experience of designing, installing and commissioning and operating radio paging net-works on a pan-European basis. Our next move in Europe will be in Denmark where we are setting up e joint venture with ISS — Denmark's

biggest employer." Another company with experience across Europe is Paging systems, whose mission is to develop leading edge technology especially in radi-opaging with emphasis on fully antomated paging networks and associated management and associated management software. Its systems were initially developed for its sister national radiopaging company, Inter-City Paging, but have achieved major sales overseas—especially Spain and Switzenland.

Mr Daniel Nebarro, who heads both companies is expecting entrepreneurs to emerge in the wake of the liberalisation of European telecommunications. No doubt, he will be aiming to apply his expertise in e mutually beneficial manner as the business community in many other countries across Europe increasingly looks to paging as a means of keeping in touch.

And not just across Europe! Inter-City has also done e deal with National Satellite Paging with National Satellite Paging of Washington DC. NSP currently has a 900MHz system which is currently covering 60 cities in the US and is being rolled out to serve other cities. It employs single-frequency compact pagers which can be used on the company's network in any city. Under the terms of the interconnect agreement the two companies agreement the two companies will handle each other's traffic, le a "follow-me" system linking the two companies by satellite across the Atlantic.

Hence, it seems as if the UK in addition, the economies of is embarking on the age of scale that result from standar-disation areas Europe will be just national coverage.



HOW TO GET THE BOARD EXCITED

entions excited, but bear with us, we do have

As the UK's leading one source supplier of nications equipment to corporate users Martin Dawes Communications provide a rising scale of service with one major outcome; the bigger your ousiness, the bigger the advantages. For starters, the sheer scope of our range gives

you unlimited access to every communications miracle on the market. From the well established benefits of cellphones and pagers, to the still to be exploited potential of Powerlax, Bend 3 and mobile computers.

But to really get down to business, it's the way w ck up our products that keeps us in front. Like offering sixtime provision on the two networks stone and Cellnet – instead of just one. Like tailormade financial packages with the emphasis

on long term cost effectiveness and not merely discounts. Like reassuring you with a nationwide maintenance cation that means wherever your business is ... so are Like cutting cellular sixtime rates down to si

When it comes down to it, Martin De are the most boward thinking and res communications company in Britain. The fact that we're already investing in European Cellular links is proof in itself.
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of products shouldn't be too difficult. Trying to restrain

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